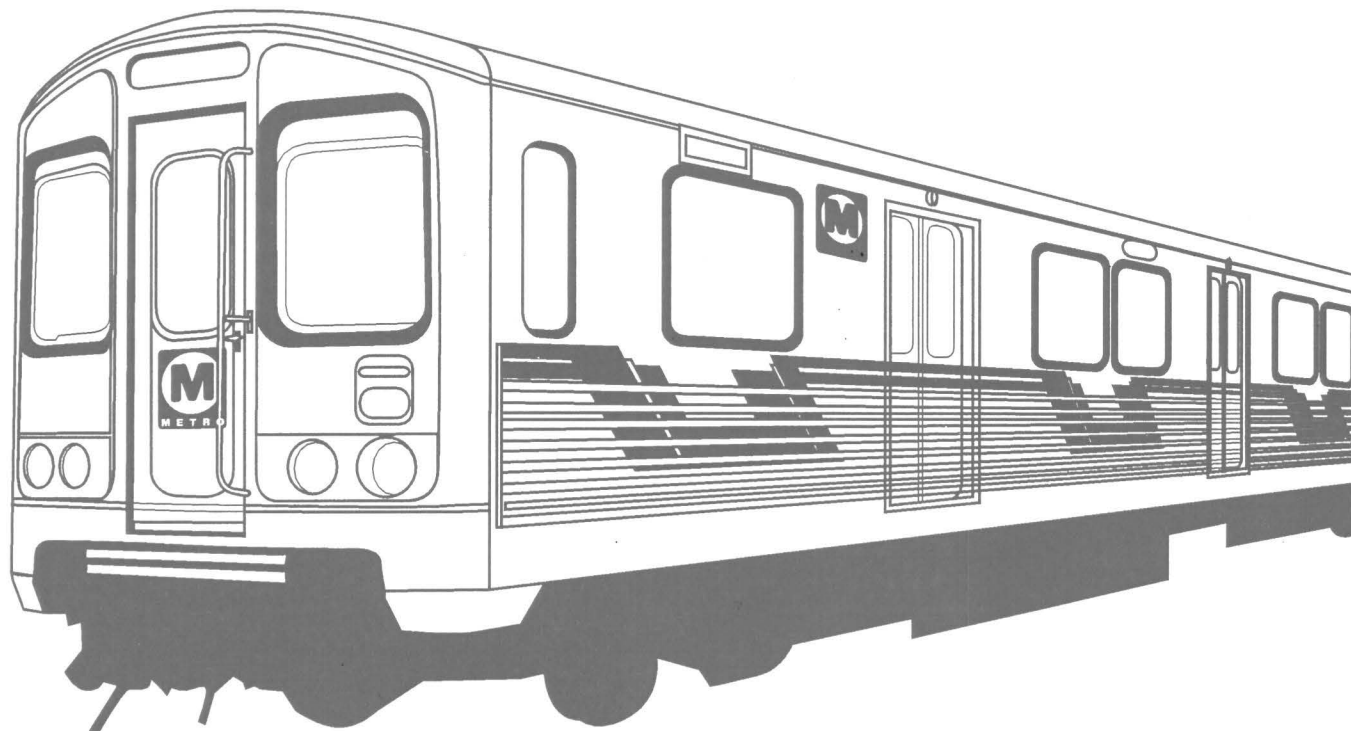


BENEFIT ASSESSMENT DISTRICTS PROGRAM

OVERVIEW METRO RED LINE SEGMENT I

—• Central Business District

—• Westlake/MacArthur Park



JANUARY 1, 1997

**LOS ANGELES
COUNTY
METROPOLITAN
TRANSPORTATION
AUTHORITY**

**BENEFIT
ASSESSMENT
DISTRICTS
PROGRAM**

Benefit Assessment Districts Program Overview

Metro Red Line Segment I

Central Business District

Westlake/MacArthur Park

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What is Benefit Assessment?

Benefit Assessment is a fee on properties used to pay part or all of the cost of capital improvements enhancing the value of property receiving service from or located near and benefiting from the capital improvements.

Authority to Form Assessment Districts

The Los Angeles County Metropolitan Transportation Authority (MTA) Board of Directors has legislatively assumed all responsibilities previously held by the Southern California Rapid Transit District (SCRTD) to establish benefit assessment districts and levy assessments.

Purpose of the Benefit Assessment Districts Program

The purpose of the Benefit Assessment Districts Program is threefold:

- Administer the Minimum Operating Segment I (Segment I) of the Metro Red Line Benefit Assessment Districts,
- Ensure that assessments are levied at a rate high enough to repay the Segment I Assessment Districts' bonded indebtedness and administrative costs, (Benefit Assessment Bonds provided \$130.3 million in station construction costs), and
- Ensure that the assessments are equal to or less than the benefits received.

Potential Benefits of Metro Red Line to Property Owners

The Metro Red Line Segment I projected benefits for the station areas range from a low of \$700 million to a high of \$1.4 billion.

The benefits include:

- appreciation of land value,
- ability to command higher lease rates,
- increased development potential by applying transit-oriented land use districts,
- increased retail sales activity,
- higher occupancy levels,
- enhanced identification with employee location and improvements in employer recruitment and retention,
- increased visitor access, and
- increased pedestrian activity.

Note: Property owners who feel that their property will not benefit from the Metro Red Line or that the assessment exceeds the benefit can appeal through the Benefit Assessment Appeals process.

Observed Benefits of the Metro Red Line Segment I

The observed benefits are:

- property values increased by 43 percent near Metro Red Line stations,
- establishment of joint public/private sector partnership enabling achievement of extensive state and federal funding,
- reduction of crime rate by 20 percent near MacArthur Park Station,
- initiation of public marketing campaign for businesses near Metro Red Line stations that participate in the Benefit Assessment Districts Program,
- sales increased by 10 to 20 percent and operating hours extended in Olvera Street immediately upon the opening of the Metro Red Line station,
- opening of seven new retail businesses at Seventh and Flower Streets within 90 days of the start-up of Metro Red Line,
- increased office rental in major downtown complexes (Citicorp and Macy Plaza), with new tenants influenced by transportation services,
- completion of major rehabilitation of the Million Dollar Theater and Grand Central Market properties located near Pershing Square Station, and
- completion of the construction of a regional transportation center at Union Station.

Demonstrated Benefits of Rail in Other Areas of North America

The observed rail benefits in other cities include:

- Miami - Property values rose dramatically from \$9 to \$50 per square foot compared to those further away.
- San Francisco - Retail sales in suburban communities increased by \$15.4 million in one quarter.
- Buffalo - Employment opportunities were revitalized along new rail corridors.
- Washington D.C. - Six months after opening, 56 percent of businesses reported they had benefited from the Silver Springs Subway Station.
- Toronto - Property values adjacent to the subway rose 60 percent compared to properties in other parts of the city.
- Atlanta - Retail performance increased more than 60 percent after rail services were initiated.

Procedure for Levying Assessments

An approved assessment rate is levied on the gross square footage of improvement or parcel area, whichever is greater.

Assessable Properties

- offices
- retail stores
- hotels/motels
- other commercial properties

Assessable Parcels with Non-Assessable Improvements

- wholesale
- manufacturing
- industrial
- improvements vacant due to regulatory status
- parking
- vacant land

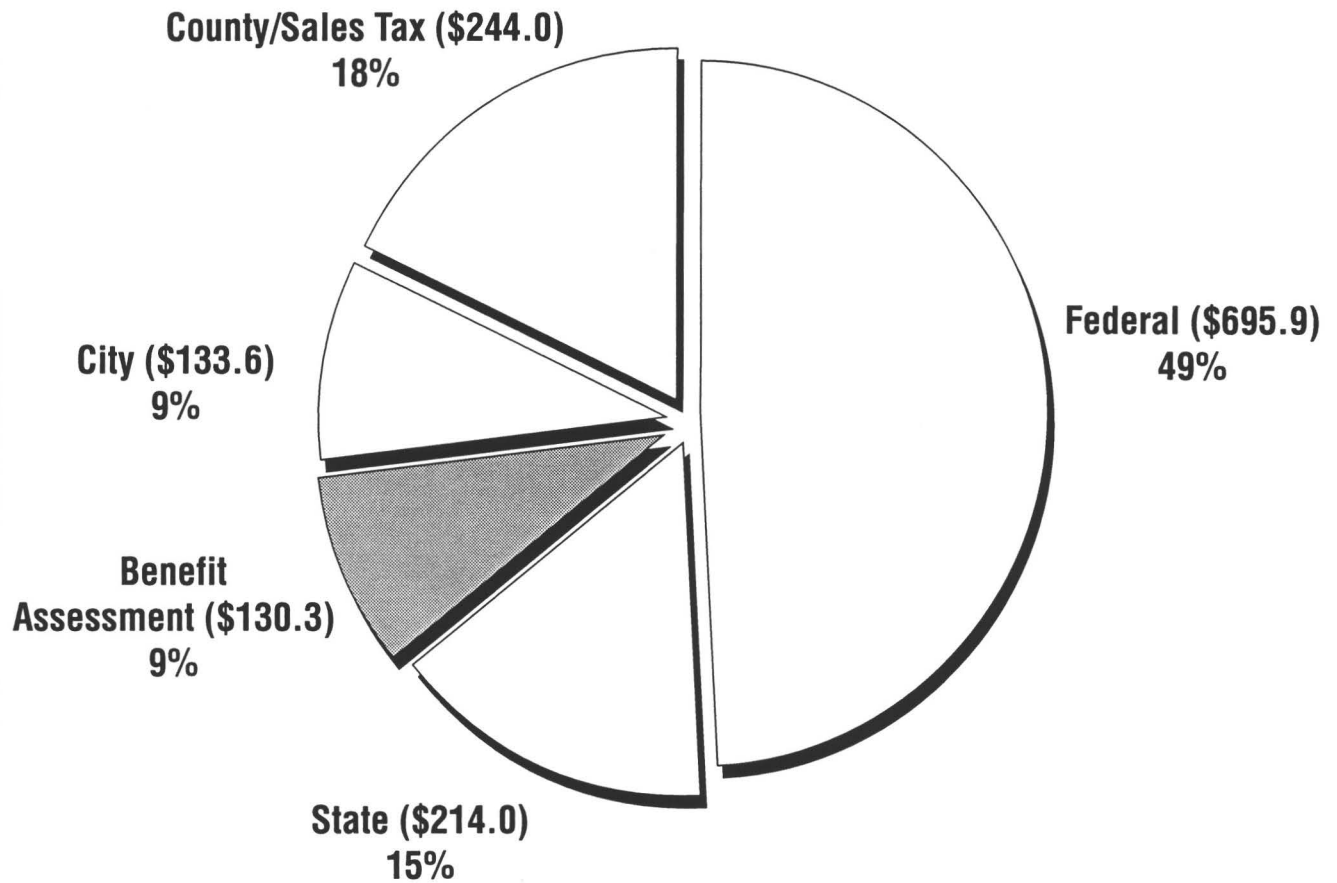
Exempt Properties

- residential
- non-profit owned and used
- publicly owned and used

Sources of Funds/Segment I

Metro Red Line

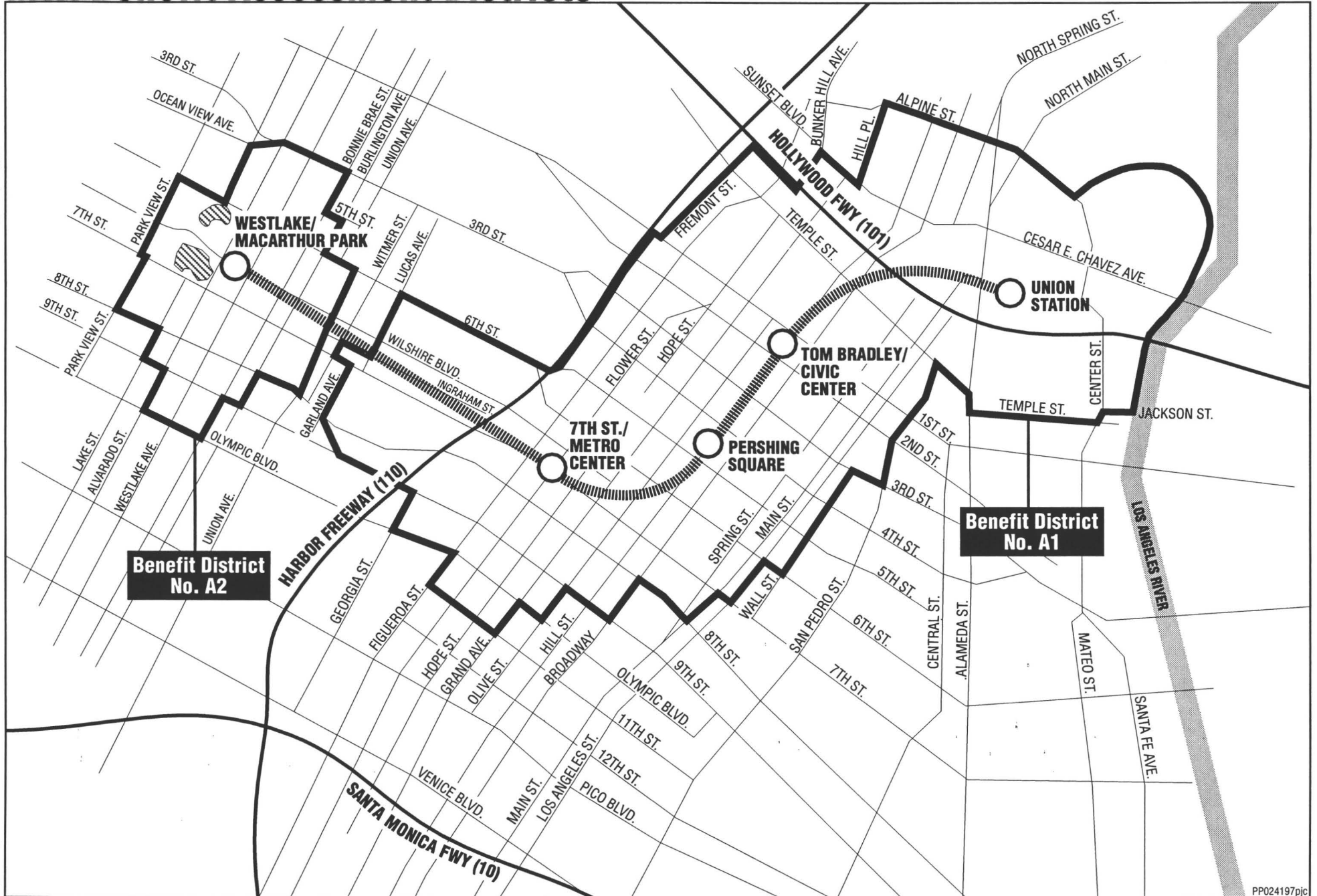
(\$ in Millions)



TOTAL: \$1.42 BILLION

Metro Red Line Segment I MTA Benefit Assessment Districts

Benefit Assessment Districts Program



Description of Metro Red Line Segment I Benefit Assessment Districts

In July 1985, the SCRTD Board of Directors formed two Segment I Benefit Assessment Districts.

The two Benefit Assessment Districts are:

District A1 - Central Business District

- Stations opened in 1993.
- \$123.7 million was generated which was applied toward construction costs.
- Stations are located in the central business district.
- District A1 includes four Metro Red Line stations.
- Boundaries are set at one-half mile walking distance from the stations.
- Approximately 2,323 properties are located within District A1, of which 1,237 properties are assessable (63,890,807 assessable square feet in the district).

District A2 - Westlake/MacArthur Park

- Station opened in 1993.
- \$6.5 million was generated which was applied toward construction costs.
- Station is located in the Westlake/MacArthur Park area.
- District A2 includes one Metro Red Line station.
- Boundaries are set at one-third mile distance from the station.
- Approximately 456 properties are located within District A2, of which 239 properties are assessable (3,552,247 assessable square feet in the district).

Chronology Of Metro Red Line Segment I Benefit Assessment Districts

Year	Action
1983	California State Legislature enacts Benefit Assessment Legislation.
1985	SCRTD Board of Directors approves "Resolution to Proceed" and submits it to the Los Angeles City Council. Los Angeles City Council amends and approves "Resolution to Proceed". Board of Directors adopts a resolution establishing Benefit Assessment Districts A1 and A2. Board of Directors adopts Appeals Procedures.
1986	Board of Directors approves an assessment rate of \$0.30 per assessable square foot.
1987	Board of Directors approves deferral of the Benefit Assessment collection until 1992 or when Metro Rail is operational. Board of Directors approves sale of Benefit Assessment bonds. District Secretary refuses to certify the bond resolution, claiming the Benefit Assessment District Program is unconstitutional. SCRTD sues SCRTD District Secretary. Superior Court finds in favor of SCRTD.
1990	State Appellate Court reverses decision of Superior Court.
1992	State Supreme Court affirms constitutionality of Benefit Assessment Districts. Case is appealed to and refused to be heard by U.S. Supreme Court, letting stand the decision of the State Supreme Court that assessment districts are legal. SCRTD sells \$162 million in Benefit Assessment Bonds.

Year	Action
1993	<p data-bbox="422 262 933 304">Metro Red Line Segment I opens.</p> <p data-bbox="422 336 1416 420">Los Angeles County Metropolitan Transportation Authority (MTA) assumes all Benefit Assessment District responsibilities.</p> <p data-bbox="422 451 1416 577">MTA Board of Directors approves FY 1993-94 assessment rate of \$0.17 per assessable square foot of property to repay bonded indebtedness.</p>
1994	<p data-bbox="422 609 1416 693">MTA Board of Directors approves FY 1994-95 assessment rate of \$0.17 per assessable square foot.</p>
1995	<p data-bbox="422 724 1416 808">MTA Board of Directors approves FY 1995-96 assessment rate of \$0.17 per assessable square foot.</p>

For Further Information

For further information, contact the MTA Benefit Assessment Districts Program Office at (213) 922-2407, or write to:

MTA
Benefit Assessment Districts Program Office
One Gateway Plaza
Los Angeles, CA 90012

This brochure is provided for information purposes. If any apparent conflict arises between this brochure and any statute or resolution that applies to benefit assessments, the language of the statute or resolution shall prevail.

