



OVERVIEW

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AUGUST 16, 1994

LOS ANGELES
COUNTY
METROPOLITAN
TRANSPORTATION
AUTHORITY

BENEFIT
ASSESSMENT
DISTRICT
PROGRAM



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WHAT IS A BENEFIT ASSESSMENT

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

AUTHORITY TO FORM ASSESSMENT DISTRICTS

The Los Angeles County Metropolitan Transportation Authority 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 BENEFIT ASSESSMENT DISTRICT PROGRAM

- Administer the Minimum Operating Segment-1(Segment 1) Metro Red Line Benefit Assessment Districts
- Ensure that assessments are levied at a rate high enough to repay the Segment 1 Assessment Districts bonded indebtedness and administrative costs (Benefit Assessment Bonds provided \$130.3 million in station construction costs)
- Provide a source of private sector funding for Minimum Operating Segment-2 (Segment 2) and North Hollywood extension of Minimum Operating Segment-3 (Segment 3) of the Metro Red Line System (Benefit Assessment revenues are programmed to provide \$66.75 million in station costs and an "In Lieu" contribution in Universal City)
- Investigate, recommend and implement future benefit assessment districts
- Ensure that the assessments are equal to or less than the benefits received



WHAT ARE THE POTENTIAL BENEFITS OF METRO RAIL TO PROPERTY OWNERS IN ALL EXISTING AND PLANNED DISTRICTS

- Segment 1 Metro Red Line projected benefits for the station areas range from a low of \$700 million to a high of \$1.4 billion
- Projected benefits for Segment 2 and the North Hollywood extension of Segment 3 of the Metro Red Line station areas range from a low of \$192 million to a high of \$494 million
- 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 employees' location and improvement in employer recruitment and retention
- Increased Visitor access
- Increased pedestrian activity

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



ASSESSMENT DISTRICTS BENEFITS

Metro Rail Red Line

Benefits

- Lease rates higher near Metro Rail Red Line Station
- Projected benefits in all segments range from \$1 to \$1.9 billion
- Retail sales activity increases
- Increased pedestrian activity
- Appreciation of land values



ASSESSMENT DISTRICTS BENEFITS
(CONTINUED)

Observed Benefits

- Property values increased by 43 percent near L.A. Metro Rail Red Line Stations
- Public private sector partnership has enable extensive state and federal funding to be achieved
- Crime rate near the MacArthur Park Metro Rail Red Line Station reduced by 20 percent
- Public marketing campaign for businesses near Metro Rail Red Line Stations that participate in Benefit Assessment Program.
- Olvera Street sales increased 10 to 20 percent immediately upon opening of Metro Rail Red Line Station and operating hours extended
- Seven new retail businesses opened at Seventh and Flower Streets within 90 days of Metro Rail Red Line becoming operational
- Office rental increased in major complexes (Citicorp and Broadway Plaza) with new tenants influenced by transportation services



ASSESSMENT DISTRICTS BENEFITS **(CONTINUED)**

Other Areas of the Country

Benefits

- **Miami** - Property values rose dramatically from \$9 to \$50 per square foot compared to those further away
- **San Francisco** - Increased retail sales by \$15.4 million in one quarter in suburban communities
- **Buffalo** - Revitalized employment along its rail corridors
- **Washington D.C.** - Six months after opening the Metro, 56 percent of businesses reported they had benefited from Silver Spring subway station
- **Toronto** - Property values rose 60 percent adjacent to the subway versus other parts of the City
- **Atlanta** - More than 60 percent increase in retail performance after rail services initiated



HOW IS THE ASSESSMENT LEVIED AND WHAT PROPERTIES ARE ASSESSED

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

ASSESSABLE PROPERTIES

- Offices
- Retail Stores
- Hotels/Motels
- Other Commercial Properties
- Freestanding parking garages not used to meet zoning requirements of an associated use (Segments 2 and 3 Districts only)

ASSESSABLE PARCELS BUT NON-ASSESSABLE IMPROVEMENTS

- Wholesale
- Manufacturing
- Industrial
- Improvements Vacant Due to Regulatory Requirements
- Parking (except as noted above in Segments 2 and 3 for freestanding parking garages)
- Vacant land

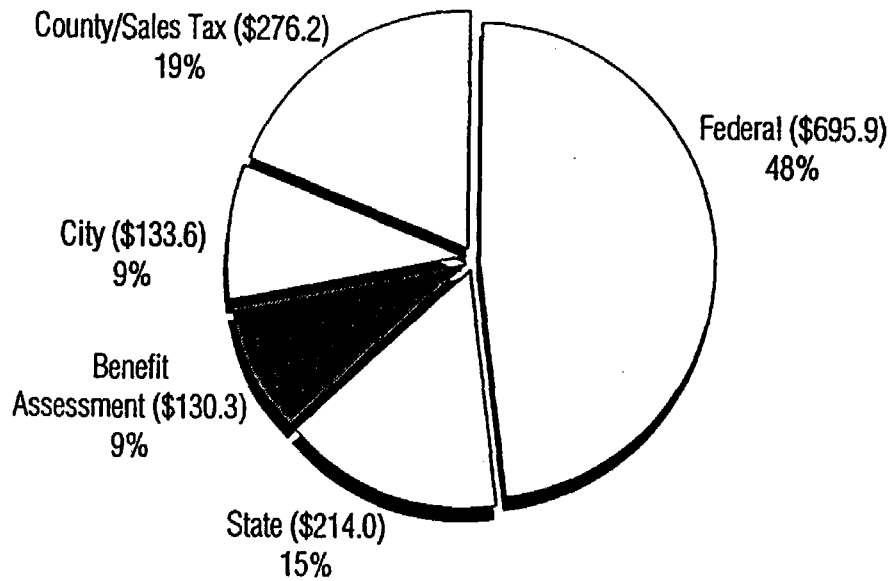
EXEMPT PROPERTIES

- Residential
- Non-profit owned and used
- Publicly owned and used



SOURCE OF FUNDS METRO RED LINE - SEGMENT 1

(\$ in Millions)

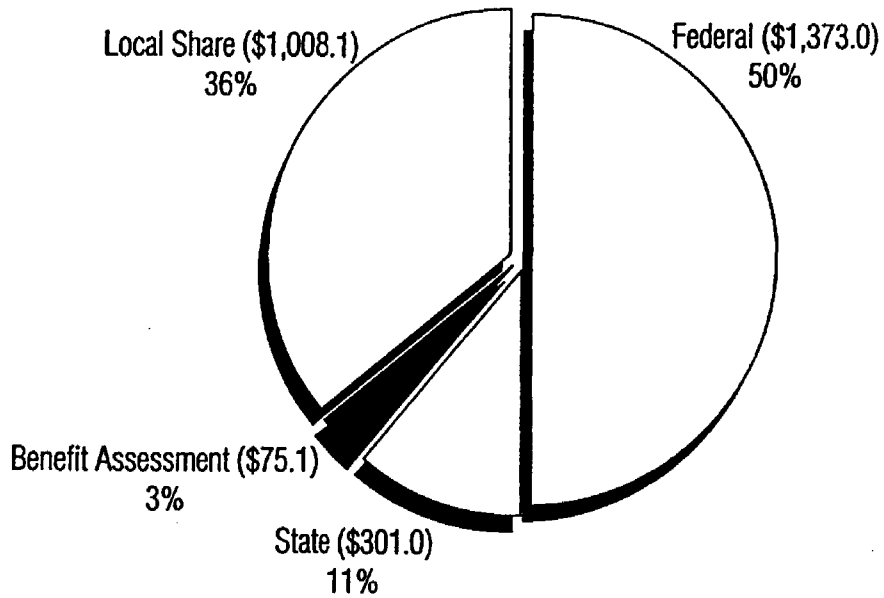


TOTAL: \$1.45 BILLION



SOURCE OF FUNDS
METRO RED LINE - SEGMENTS 2 AND 3

(\$ in Millions)



*Involves all of Segment 2 and only the North Hollywood extension of Segment 3.

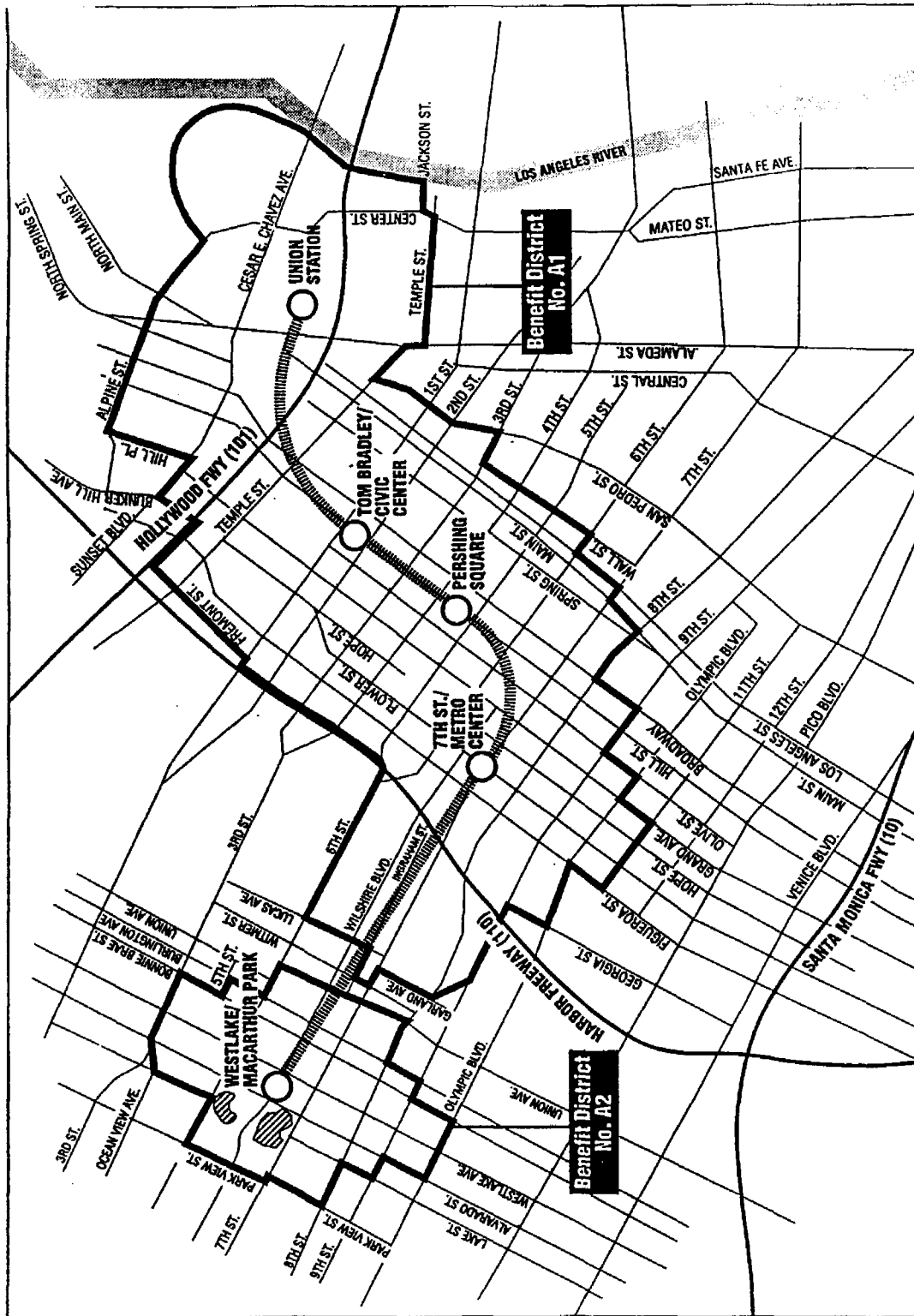
TOTAL: \$2.76 BILLION



**METRO RED LINE
SEGMENT 1
BENEFIT ASSESSMENT DISTRICTS**



MTA BENEFIT ASSESSMENT DISTRICTS (SEGMENT 1)



ATO-177.054



SEGMENT 1 BENEFIT ASSESSMENT DISTRICTS

In July 1985, SCRTD Board of Directors formed two Segment 1 Benefit Assessment Districts:

DISTRICT A1 DOWNTOWN

(Generated \$123.7 million in construction costs) Stations opened in 1993

- Located in the central business district
- Includes four Metro Rail Stations
- Boundaries set at one half mile walking distance from the stations
- Approximately 2,493 properties located within the A1 District, 1,348 properties are assessable (66,447,986 assessable square feet in district)

DISTRICT A2 WESTLAKE/MACARTHUR PARK

(Generated \$6.5 million in construction costs) Stations opened in 1993

- Located in the Westlake/MacArthur Park area
- Includes one Metro Rail Station
- Boundary set at one third mile walking distance from the station
- Approximately 468 properties located within the A2 District, 251 properties are assessable (3,801,487 assessable square feet in district)



CHRONOLOGY OF SEGMENT 1
BENEFIT ASSESSMENT DISTRICTS

YEAR

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 (L.A. City Council)

L.A. City Council amends and approves "Resolution to Proceed"

SCRTD Board of Directors adopts "Resolution Establishing Benefit Assessment Districts A1, A2"

SCRTD Board of Directors adopts Appeals Procedures

1986 SCRTD Board of Directors approves an assessment rate of \$0.30 per assessable square foot

1987 SCRTD Board of Directors approves deferral of the Benefit Assessment collection until 1992 or when Metro Rail is operational

SCRTD Board of Directors approves sale of Benefit Assessment bonds

SCRTD 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



CHRONOLOGY OF SEGMENT 1
BENEFIT ASSESSMENT DISTRICTS
(CONTINUED)

YEAR

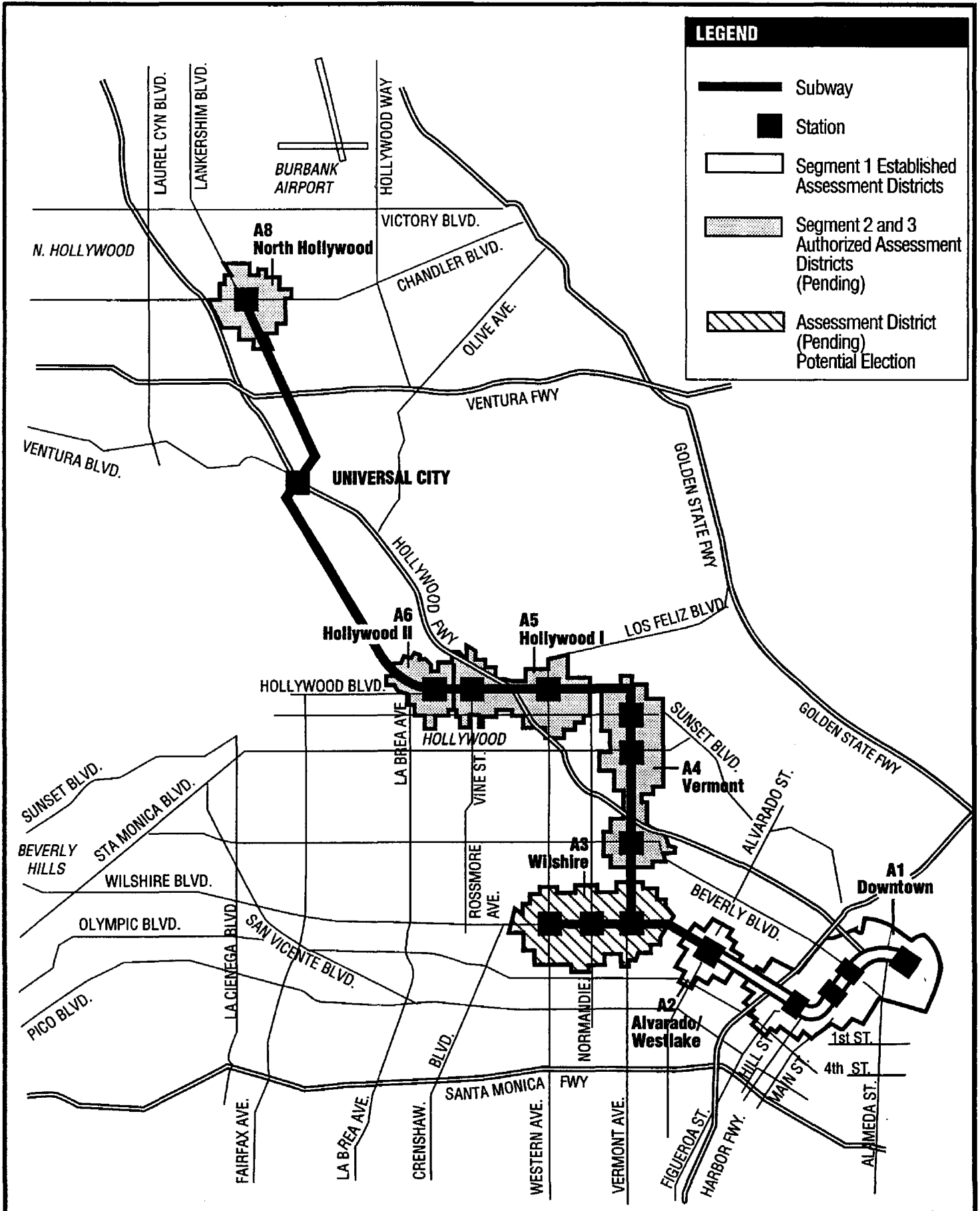
- 1990 State Appellate Court reverses decision of Superior Court
- State Supreme Court agrees to hear the case
- 1992 State Supreme Court affirms constitutionality of Benefit
 Assessment Districts
- Case is appealed to and refused by U.S. Supreme Court, letting
 stand the decision of the State Supreme Court
- SCRTD sells \$162 million in Benefit Assessment Bonds
- 1993 Metro Red Line Segment 1 opens
- Los Angeles County Metropolitan Transportation Authority
 (MTA) assumes all Benefit Assessment District responsibilities
- MTA Board of Directors approves FY 1993/94 assessment rate
 of \$0.17 per assessable square foot of property to repay bonded
 indebtedness
- County of Los Angeles levies assessment on joint tax bill for
 1,589 properties
- 1994 MTA Board of Directors approves FY 1994/95 assessment rate
 of \$0.17 per assessable square foot



**METRO RED LINE
SEGMENT 2 AND THE NORTH HOLLYWOOD
EXTENSION OF SEGMENT 3
BENEFIT ASSESSMENT DISTRICTS**



BENEFIT ASSESSMENT DISTRICTS





SEGMENT 2 AND THE
NORTH HOLLYWOOD EXTENSION OF SEGMENT 3
BENEFIT ASSESSMENT DISTRICTS

In March 1990, SCR TD Board of Directors approved a Resolution to Proceed with the Establishment of Segments 2 and the North Hollywood Extension entailing six new Benefit Assessment Districts modified to five districts in 1994.

SEGMENT 2
DISTRICT A3 WILSHIRE

(\$27.90 million projected to be derived for construction costs)

Stations to open in 1996

- Generally located in Mid-Wilshire area
- Includes three transit stations of Metro Red Line System (Wilshire Boulevard/Vermont Avenue; Wilshire Boulevard/Normandie Avenue; Wilshire Boulevard/Western Avenue)
- Boundaries for assessment district set at one-half mile walking distance from the stations
- Approximately 2,510 properties located within the A3 District of which 530 are assessable (21,999,911 assessable square feet in district)



SEGMENT 2

DISTRICT A4 VERMONT

(\$11.30 million projected to be derived for constructions costs)

Stations to open in 1998

- Located adjacent to Vermont Avenue between Wilshire and Hollywood Boulevards
- Three transit stations of Metro Red Line System involved (Vermont Avenue/Beverly Boulevard; Vermont Avenue/Santa Monica Boulevard and Vermont Avenue/Sunset Boulevard)
- Boundaries for assessment district set at one-half mile walking distance from the stations
- Approximately 2,753 properties located within the A4 District of which 572 are assessable (9,119,716 assessable square feet in district)

SEGMENT 2

DISTRICT A5 HOLLYWOOD I

(\$14.08 million projected to be derived for construction costs)

Stations to open in 1998

- Extends along Hollywood Boulevard between Vermont Avenue and Vine Street
- Includes two transit stations of the Metro Red Line System (Hollywood Boulevard/Western Avenue and Hollywood Boulevard/Vine Street)
- Boundaries for assessment district set at one-half mile walking distance from the stations
- Approximately 1,781 properties located within the A5 District of which 541 are assessable (11,070,581 assessable square feet in district)
- Located along redevelopment area of the City of Los Angeles



SEGMENT 3

DISTRICT A6 HOLLYWOOD II

(\$8.33 million projected to be derived for construction costs)

Stations to open in 2000

- Located within one half mile of the Hollywood Boulevard/Highland Avenue station of the Metro Red Line System
- Includes the one transit station located at Highland Avenue and Hollywood Boulevard
- Located along redevelopment area of the City of Los Angeles
- Boundaries for assessment district are set at one-half mile walking distance from the station
- Approximately 939 properties located within the A6 District of which 344 are assessable (6,673,425 assessable square feet in district)

SEGMENT 3

DISTRICT A7 UNIVERSAL CITY

("In Lieu" contribution expected to be derived)

- No assessment district to be formed



SEGMENT 3
DISTRICT A8 NORTH HOLLYWOOD

(\$5.14 million projected to be derived for construction costs) Segment 3
Station opens in 2000

- Located within one half mile of the transit station at the intersection of Lankershim and Chandler Boulevards
- Serves as terminus point of Metro Red Line System for Segment 3 within San Fernando Valley
- Boundaries for assessment district are set at one-half mile walking distance from the station
- Central North Hollywood location within redevelopment
- Approximately 794 properties located within the A8 District of which 307 are assessable (3,562,692 assessable square feet in district)



PAYMENT OPTIONS AND ANTICIPATED ASSESSMENT
IN SEGMENT 2 AND NORTH HOLLYWOOD
EXTENSION OF SEGMENT 3 *

In the Resolution to Proceed, the SCRTD Board of Directors approved four payment options (revised to three upon "In Lieu" agreement with Universal City**) based upon a recommendation of the Citizen Task Force:

- Option one allows property owners to pay in one lump sum discounted from the scheduled opening date of the transit station (cost to owner ranges from \$0.86 to \$1.06 an assessable square foot one time). This is a one time payment and no annual assessment will occur except for newly added assessable footage after the payment.
- Option two permits payments in five annual installments with amount due discounted and then annualized with annuity over the five years (cost to owner ranges from \$0.21 to \$0.26 an assessable square foot annually over the five years). After making the five payments no annual assessment will occur except for newly added assessable footage.
- Option three allows payment over a 29 year period beginning when the transit station nearest the property opens after the sale of bonds (cost to owner ranges from \$0.09 to \$0.19 an assessable square foot annually and averaging approximately \$0.15).

* Each property owner subject to assessment will be notified of the payment options available and the time frame for selection once adoption of the districts has occurred. This information is for estimation purposes only and is subject to change based on financial market conditions and actual assessable footage within the five Special Assessment Districts for Segments 2 and the North Hollywood extension of 3 of the Metro Red Line.

** The fourth payment option is no longer valid since payment option one incorporates the positive aspects of the option.



ELECTIONS IN BENEFIT ASSESSMENT DISTRICTS

Under the state enabling legislation, an election is required if property owners owning 25 percent of the assessed value of properties within the proposed district sign a petition. The election process allows each property owner one vote for every \$1,000 of assessed value of property that is subject to an assessment.

The petition period has passed for Segment 2 and the North Hollywood extension of Segment 3. The time for submitting a petition to call for an election occurred thirty days following the close of the previously noticed public hearing in 1990. While property owners in all districts submitted petitions, just two districts (Wilshire and Universal City) successfully petitioned for an election.

District A3 - Wilshire

- **Petitions filed for election encompassed 36 percent of the assessed value of the district representing 65 percent of properties eligible to vote**

District A7 - Universal City

- **No district to be formed since "In Lieu" contribution to be made in accordance with agreement between MTA and major owner MCA**

County Registrar of Voters conducts election

Wilshire District can be formed but no levying of assessment can occur until the election is held



CHRONOLOGY OF SEGMENT 2 AND NORTH HOLLYWOOD
EXTENSION OF SEGMENT 3
BENEFIT ASSESSMENT DISTRICT PROGRAM

YEAR

1983 California State Legislature enacts Benefit Assessment legislation

1987 SCRTD Board of Directors approves sale of Segment 1 Benefit Assessment bonds

SCRTD District Secretary refuses to certify bond resolution claiming the Benefit Assessment District Program is unconstitutional

SCRTD sues SCRTD District Secretary

Superior Court finds in favor of SCRTD

1989 Citizen Task Force meets on forming assessment districts for Segment 2 and the North Hollywood extension of Segment 3 and recommends proceeding with property owners having four options (revised to three at a later date) on how to pay assessment

1990 SCRTD Board of Directors approves Resolution to Proceed and transmits resolution to L.A. City Council and Los Angeles County Board of Supervisors (Board of Supervisors) for six new assessment districts for Segment 2 and the North Hollywood extension of Segment 3 after public hearing

State Appellate Court reverses decision of Superior Court in Segment 1 litigation



CHRONOLOGY OF SEGMENT 2 AND NORTH HOLLYWOOD
EXTENSION OF SEGMENT 3
BENEFIT ASSESSMENT DISTRICT PROGRAM
(CONTINUED)

YEAR

1990 Two proposed districts (A3-Wilshire, A7-Universal City) submit petitions requesting elections with more than 25 percent of assessed valuation

L.A. City Council and Board of Supervisors defer consideration of the resolutions given pending litigation in Segment 1

1992 State Supreme Court agrees to hear Segment 1 litigation case

State Supreme Court affirms constitutionality of Benefit Assessment Districts

Case is appealed to and declined to be heard by U.S. Supreme Court, letting stand the decision of the State Supreme Court that assessment districts are legal

1993 Los Angeles County Metropolitan Transportation Authority (MTA) assumes all Benefit Assessment District responsibilities

Federal Government signs Full Funding Grant Agreement for Segments 2 and 3 which includes \$75.1 million Benefit Assessment commitment

MTA Board of Directors authorizes proceeding with assessment districts formations in Segment 2 and the North Hollywood extension of Segment 3 accepting recommendation of Finance, Budget & Efficiency Committee and Planning & Programming Committee



CHRONOLOGY OF SEGMENT 2 AND NORTH HOLLYWOOD
EXTENSION OF SEGMENT 3
BENEFIT ASSESSMENT DISTRICT PROGRAM
(CONTINUED)

YEAR

1994 MTA Board of Directors Chairman in January transmits request for hearing to the Mayor and the City Council President of Los Angeles

MTA Board of Directors in February approves an agreement with MCA which establishes "In Lieu" contribution up to \$20 million in place of assessment district for Universal City

L.A. City Council members briefed on program and upcoming public hearing relating to boundaries and method of assessment for the five new assessment districts

Community meetings held twice in North Hollywood and Hollywood with involved organizations

Each assessable property owner (approximately 1,800) in June were mailed brochure explaining Benefit Assessment District Program except Wilshire area where an election will be held

Scheduled before Transportation Committee of the L.A. City Council in Spring 1995



**NEXT STEPS TO APPROVING SEGMENT 2 AND
NORTH HOLLYWOOD EXTENSION OF SEGMENT 3
BENEFIT ASSESSMENT DISTRICTS**

- L.A. City Council committee meetings as applicable
- Public hearings by L.A. City Council
- Approval by L.A. City Council
- Approval by the MTA Board of Directors of the Resolution to Create Segment 2 and the North Hollywood extension of Segment 3 Benefit Assessment Districts subject to confirmation by the voters (property owners) in Wilshire-District A3
- After adoption of the Resolution to Create assessments can occur, except in the Wilshire District which is requesting an election
- Process for bond sales can occur after creating the districts and subsequent bond indebtedness public hearings except for the Wilshire District
- MTA Board of Directors must call for election (no time limit) before levying assessment in Wilshire District
- Upon adoption by the MTA Board of Directors of a Resolution Calling for Election in the Wilshire District for the purpose of voter confirmation of levying an assessment, such election must be held within 90 days by the County Registrar of Voters