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GENERAL PLANNING CONSULTANT:  
ISSUES AND RESPONSES  
ASSOCIATED WITH BATF MEETING OF  
WEDNESDAY, NOVEMBER 9, 1988

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Southern California Rapid Transit District

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**BENEFIT ASSESSMENT TASK FORCE  
ISSUES AND RESPONSES  
NOVEMBER 9, 1988**

1. During the MOS-1 Task Force, the total private share amount for MOS-1 and Phase II was \$185 million. Of this amount, the MOS-1 stations funded \$130 million. Now the private sector share for Phase II is \$75 million. Why is the extra \$20 million being born by Phase II entirely instead of being shared with MOS-1?

In 1984, when the MOS-1 Task Force was considering assessments for the first five stations, the proposed alignment for Phase II was different than it is today. Because of the fire at the Ross-Dress for Less store and the subsequent congressional order prohibiting tunneling in the methane gas area, the alignment was changed to the currently approved alignment which extends north along Vermont Avenue, west along Hollywood Boulevard and north to North Hollywood, and the western segment which runs along Wilshire Boulevard to Western Avenue. Since the alignment and stations have changed, projected costs have changed. MOS-1 Benefit Assessment districts can not share in this additional cost because there is a requirement that money collected within the Benefit Assessment District be spent within the district, therefore funds collected in the MOS-1 area can not be used in the Phase II area.

Under the proposed funding plan for the new Phase II, the City of Los Angeles has been asked to increase its Metro Rail funding share by \$85 million, the California Transportation Commission by \$115 million, and the Los Angeles County Transportation Commission by \$274 million.

2. Was the \$185 million (referred to in question no. 1) a cap?
3. Who has the authority to raise the cap on the amount of assessment?
4. Can the amount to be raised by Phase II, \$75 million, be increased?
5. What happens if there is a budget deficit for Metro Rail?

The \$185 million was a budget estimate made in 1984 for Phase II which was a different alignment than the present Phase II. It was not a cap. The Resolution to form Benefit Assessment Districts for MOS-1 approved by the SCRTD Board of Directors and the Los Angeles City Council limited the amount of money which could be raised to \$130.3 million in construction costs plus any associated interest, bond issuance and direct program administrative costs excluding general SCRTD administrative overhead and appeals litigation costs. This amount can not be changed unless additional public hearings are held, and approvals received from the SCRTD Board of Directors and the Los Angeles City Council. If the Resolution forming Benefit Assessment Districts for Phase II is approved with a limit of \$75 million, then it too could not be changed without starting the process

over again. Even if there was a budget deficit for Metro Rail, and presently the construction of MOS-1 is proceeding under budget, the amount to be raised by Benefit Assessments could not exceed that amount designated in the Resolution without the additional hearings and approvals which is a lengthy and difficult process.

6. Are apartments included in the assessable square footage estimates presented by the staff at the November Task Force meeting?
7. Do the assessable square footage calculations exclude residential use?
8. How do we distinguish a hotel from a large apartment from a condominium?

The square footage figures included on the attached Table 1 do not include any residential use. Apartments and condominiums are both considered as residential use. The definition of hotel/motel use is:

"Use as a residential improvement which is designed or used for or containing six or more guest rooms or suites of rooms where the occupants are short-term residents."

The SCRTD Board of Directors has (previously) taken a position as being opposed to the assessment of residential properties. The City of Los Angeles voters approved a Charter Amendment 7 that states that the City may not approve a rail rapid transit benefit assessment district if it proposes to assess properties in residential use or under construction for residential use before April 9, 1985. Assessment of residential properties which were developed since April 9, 1985 could create an equity problem. Similarly situated properties would not be similarly treated.

For informational purposes, an analysis was undertaken of the potential impact that assessments would have on duplexes, triplexes and fourplexes in a sample area along the alignment, in this case the Hollywood/Western station area. If apartments are assessed at the same rate which was used for MOS-1 (\$.30 per square foot), the increase on the average duplex would be \$91 per month per unit; for a triplex \$65 per month per unit; and for a fourplex, \$51 per month per unit. The estimated assessments are based on the average lot size developed with duplexes, triplexes and fourplexes. The lot sizes for this type of development would generally exceed the improvement square footage. The average rent for a two-bedroom apartment in the Hollywood/Western area is approximately \$750. The assessments would represent an average increase of 7 to 12 percent. The assessments if based on square footage of parcel or improvements, whichever is greater, would also create inequities causing the less intense developments to pay higher amounts.

9. Why are parking structures not considered assessable for Phase II?

In MOS-1, a parcel on which a parking structure is located is assessable, although the parking structure square footage is not assessable. The preliminary square footage calculations for Phase II were developed using MOS-1 rules. The MOS-1 Task Force did not feel that parking structures benefited from Metro Rail based on proximity to the station. One of the major purposes for Metro Rail is to promote the use of transit, both bus and rail, rather than automobile. A high percentage of Metro Rail patrons are expected to arrive by bus or by walking rather than by car. In fact, only eight to nine percent of the patrons are projected to access Metro Rail by automobile.

The documented experiences in other North American cities with major rapid transit systems suggest that the owners of improvements used for office and other commercial activities, retail sales, hotels and motels are prime beneficiaries from a transit project.

10. Why is the cost of the Universal City station so much more than the other stations? Is the roadway included in the cost? Shouldn't the roadway costs be spread among all the participants?

The breakdown of costs associated with the Universal City station is:

Station Structure	\$39,574,700
Station Systems and Utilities	6,749,400
Water Control and Treatment	19,163,800
Roadwork and Bridge	<u>9,841,600</u>
Total	\$75,329,500

The cost of the station structure and requisite systems total approximately \$46,324,100 which compares favorably with the cost of other stations. However, the Universal City station includes costs of about \$19,163,800 for water control and treatment and about \$9,841,600 for roadwork in the station vicinity. These costs are unique to the Universal City station. All costs for Phase II are spread among all funding partners. Metro Rail is a regional transit system and it is being built using Federal, State, City and private sector funding.

11. Why are there no special exceptions for CRA areas?
12. What can a rail line do for a redevelopment area?

Four of the five stations in MOS-1 are located in redevelopment areas. These stations were not treated differently than the Wilshire/Alvarado station which is not located in a redevelopment area. It was felt that the properties located in downtown would receive benefits from the proximity of Metro Rail stations. The fact that these properties were also in the redevelopment areas did not diminish the expected benefits. In the application of the MOS-1 assessments, provisions have been adopted to modify the assessments for buildings that are vacant due to City Code violations or are less than 80 percent efficient (e.g. have a low ratio of leasable space relative to their gross square footage). This serves to lessen the assessment on buildings that are severely dilapidated.

The location of a station in a redevelopment area would encourage development to occur and would be an added incentive to build in the redevelopment area. Rail access would bring additional people into the redevelopment area to use the transit facilities which would provide a market for retail, office and commercial uses.

13. Shouldn't Redevelopment areas be excluded until benefit is received?
14. If Metro Rail won't be in the San Fernando Valley until 1998, why are we addressing these issues today?

Some benefits associated with the implementation of a rail transit system such as impacts on land value are expected to occur early on and are related to the various phases of transit system planning and construction. The cycle of land use impacts begins when the market becomes convinced that the transit project will take place. For the Los Angeles Metro Rail project, the approval of the alignment for Phase II and the announcement of federal grant approval for the Phase II segment of the system is expected to serve as a critical event which will trigger market response and benefits. Other events that may influence the market response include the visible first signs of construction and related public announcements, the beginning of testing operations, and the opening day of the system segment or station. In addition to the events related to system construction or operation, formal changes in rules governing development, such as the adoption of station master plans or density-bonus zoning programs may provide an impetus for development of long-range real estate plans or initial land assemblage efforts. In those projects where developers reach coordinated design agreements with the transit operator, construction will proceed in conjunction with station construction.

15. In MOS-1, is every parcel assessed at 30 cents per square foot?

For MOS-1, for commercial and office uses, the assessment of 30 cents per square foot is based on the square footage of the parcel or the square footage of the improvements, whichever is greater. For industrial and wholesale uses, the assessment is based solely on the square footage of the parcel.

16. Are projections of future land use being considered?

The square footage estimates presented for the eleven stations at the November 9 Task Force meeting include only existing development or parcel square footage. The Phase II area is predominantly developed with low rise structures that are smaller than the parcels on which they are located. Because of this, the square footage estimates include parcel size rather than building size for a majority of properties. The square footage estimates are conservative and assessable square footage is likely to grow in the future. As buildings develop and square footage is added in the Phase II area, the assessment rate could be lowered, or the time needed to pay back the bonds reduced.

17. Are there plans to rezone residential use to commercial use?

Rezoning is under the purview of the Los Angeles Planning Commission. Neither the Benefit Assessment Task Force nor SCRTD have authority to rezone property.

18. If the walking distance exceeds the 1/2 mile radius, couldn't the whole block be included?

19. What about benefit from a bus station near the route? Could the Benefit Assessment District be extended along the bus line beyond the 1/2 mile radius?

The state enabling legislation for benefit assessment districts allows assessment districts to be created only around rail transit stations and restricts the maximum extent of the boundary in non-CBD areas to one-half mile from the centerpoint of the station. A whole block could not be included if the walking distance exceeds the one-half mile radius nor could the benefit assessment district extend along a bus route which exceeds the one-half mile radius.

20. Can estimates of the system departures be provided for the 11 stations?

The Year 2000 estimated number of riders departing from each of the 11 stations in Phase II are:

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Station	AM Peak Hour Departure	PM Peak Hour Departure	Daily Departure
Wilshire/Vermont	3,199	4,161	35,261
Wilshire/Normandie	488	564	5,096
Wilshire/Western	2,010	1,919	16,992
Vermont/Beverly	830	775	6,957
Vermont/Santa Monica	713	936	7,399
Vermont/Sunset	306	687	5,319
Hollywood/Western	695	1,036	9,115
Hollywood/Vine	1,262	842	9,689
Hollywood/Highland	1,559	1,215	12,379
Universal City	1,065	2,272	15,468
North Hollywood	387	2,006	10,466

Source: SCRTD/General Planning Consultants

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21. Was topography included in considering walk distances?

The MOS-1 Task Force did not consider topography during its deliberations on assessment district boundaries. If topography inhibits pedestrian access, it could be considered as a criterion for boundary definition. A preliminary literature search did not reveal any slope criteria above which pedestrians will not walk. According to Pedestrian Planning and Design by Dr. John J. Fruin, if a walkway exceeds 10 percent slope, walking speed is reduced by 11.5 percent. Slopes greater than 10 percent would certainly begin to approach an actual barrier to convenient pedestrian access. If there are publicly accessible people movers, trams, elevators or escalators to move people up the slope, then the topography may not be considered a barrier.

22. When will the assessments end?

The assessments for MOS-1 will end in 2008 or earlier. This Task Force may make a recommendation on the termination date for assessments for Phase II. The length of time needed to retire the bonds will be dependant on the amount of the assessment. A termination date for assessments for Phase II would be included in the Resolution to Establish Benefit Assessment Districts and, once approved, could not be changed without additional hearings and approvals.

23. In MOS-1, what were the grounds for appeal in the majority of the 900 appeals cases?

The majority of 1986/87 MOS-1 appeals cases involved issues relating to incorrect square footage or misclassification of use. To date, 85 percent of these cases have been settled and closed out at the administrative level without the need for a formal appeals hearing. Work is continuing at the administrative level to settle the remaining cases. There were very few cases where the placement of the Benefit Assessment District boundary was an issue. There are roughly 15 appeals cases involving the issue of "no benefit" which will have to be resolved at the hearing level. The three appeals cases that have gone to the hearing level, to date, have all been settled in the District's favor and the assessments have been upheld.

24. Do the Phase II assessment revenue projections use MOS-1 rules?  
Are the estimates used in the overheads based on a one-half mile radius?  
What would the Phase II assessment rate be at a 1/3 mile and a 1/2 mile?

The square footage calculations presented at Meeting 2 and attached to this document were calculated using MOS-1 rules. The calculations were based on both a 1/3 mile and 1/2 mile radius. Revenue projections will be presented and discussed at a later meeting.

25. Can maps of the station areas be included in packets?  
Could the existing square footage by land use category be provided?  
What is the square footage of parking garages which are located in Phase II?

Available information will be presented at the December 14, 1988 Task Force meeting.

TABLE 1  
PRELIMINARY  
ASSESSABLE SQUARE FOOTAGE  
BY STATION

STATION	DISTANCE	SQUARE FEET
WILSHIRE/ VERMONT	1/3 MILE	5,977,826
	1/2 MILE	6,726,600
WILSHIRE/ NORMANDIE	1/3 MILE	10,862,282
	1/2 MILE	10,967,071
WILSHIRE/ WESTERN	1/3 MILE	4,191,990
	1/2 MILE	4,306,713
VERMONT/ BEVERLY	1/3 MILE	2,146,873
	1/2 MILE	2,546,229
VERMONT/ S. MONICA	1/3 MILE	1,899,243
	1/2 MILE	2,266,737
VERMONT/ SUNSET	1/3 MILE	2,044,425
	1/2 MILE	2,431,404
HOLLYWOOD/ WESTERN	1/3 MILE	2,655,878
	1/2 MILE	2,877,011
HOLLYWOOD/ HIGHLAND	1/3 MILE	6,429,170
	1/2 MILE	6,491,329
HOLLYWOOD/ VINE	1/3 MILE	8,527,095
	1/2 MILE	8,816,892
NORTH HOLLYWOOD	1/3 MILE	4,294,812
	1/2 MILE	6,192,836
UNIVERSAL CITY	1/3 MILE	2,707,966
	1/2 MILE	3,154,904
TOTAL	1/3 MILE	51,737,562
	1/2 MILE	56,777,726