



ACQUISITION INCENTIVE PILOT PROGRAM

BR#2025-0053

Recommendation

Consider:

- RECEIVING AND FILING an update on the Acquisition Incentive Pilot Program (“Pilot Program”) for the East San Fernando Valley Light Rail Project (“ESFV”).
- APPROVING amendments to the Pilot Program by adding incentive payments for Improvements Pertaining to Realty (IPR), adjusting relocation benefits to be in accordance with Federal regulations adopted since the approval of the Pilot Program, and adding the Southeast Gateway Line Project (SGL) to the Pilot Program, contingent upon Federal Transit Administration (FTA) approval.

Background

- On November 30, 2023, Board approved the implementation of the Pilot Program for the ESFV Project which included acquisition incentive as follows:
 - 20% of the appraised value with a minimum payment of \$3,500 and a maximum of \$500,000,
 - Offer must be accepted within 60 days from receipt of the offer evidenced by a seller signed purchase and sale agreement.
- Pilot Program approved increased in relocation caps.
- On May 3, 2024, the federal regulations increased the relocation caps similar to the amounts in the Metro Pilot Program.
- SGL IOS Project will require over 40 full-fee acquisitions and over 160 permanent and/or temporary partial acquisitions.

Pilot Program Progress to Date on ESFV

- **Higher percentage of voluntary settlements** - although high value, complicated acquisitions requiring business relocations, ESFV settlement rate of 67% on initial offers was similar to or better than projects with simpler acquisitions.
 - Rosecrans/Marquardt Grade Separation Project - 61%,
 - D Line Subway Extension Section 1 – 26%,
 - D Line Subway Extension Line 2 – 69%,
 - D Line Subway Extension Line 3 – 47%.
- **Cost savings** - total incentive payments to date on 12 ESFV properties were \$6,487,000, representing 5.16% of the appraised value for those properties. Savings for the same parcels is \$20,000,000 to \$25,000,000.
- **Faster settlement of real estate rights** - resolution reached months, if not years earlier.

- **Examples of IPRs:**

In ground truck scale.



Wall shelving.



Fencing.



Improvements Pertaining to Realty (IPR's)

- IPR's (commonly known as fixtures) include items such as surveillance cameras, rolling driveway gates, air compressors, lighting, alarm systems, sinks and other plumbing, and in-ground scales.
- Metro, the property owner and the tenant, must agree on
 - Whether or not the items are IPR's or moveable
 - The value of the IPR's
 - Who owns the IPR's.
- Staff recommends the following incentive for IPR acquisitions:
 - 20% of the appraised value of the IPR's with a minimum payment of \$3,500 and a maximum payment of \$70,000.
 - Offer must be accepted within 60 days from receipt of the offer evidenced by tenant and landlord-signed purchase and sale agreement.
 - The IPR incentive will be divided equally between owner and tenant regardless of the ownership of the IPRs.
 - The IPR incentive will be separate and in addition to any other incentive.



Thank you