



Board Report

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Agenda Number:

REGULAR BOARD MEETING NOVEMBER 30, 2023

SUBJECT: EAST SAN FERNANDO VALLEY LIGHT RAIL PROJECT RELOCATION PLAN AND ACQUISITION AND RELOCATION PILOT PROGRAM

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

APPROVE:

- A. a Pilot Program to reduce hardships to property owners by incorporating streamlined acquisition and relocation procedures for right-of-way delivery for the East San Fernando Valley Light Rail Project (Attachment A); and
- B. the East San Fernando Valley Light Rail Project Relocation Plan (Attachment B).

(REQUIRES TWO-THIRDS VOTE OF THE FULL BOARD)

ISSUE

Acquisition of property interests and relocation of displacees is required for the construction and operation of the East San Fernando Valley Light Rail Project ("Project"). Per Federal and State regulations, the Project is required to prepare a Relocation Plan to demonstrate relocation planning before initiating any displacement activity. The regulations require the Relocation Plan to be made available for public review and comment for a minimum of 30 days before presenting it to the Agency's legislative body for approval. Once approved, the Project's Relocation Plan must be submitted to the California Department of Housing and Community Development (HCD), which serves as the repository for Relocation Plans. Los Angeles County Metropolitan Transportation Authority ("LACMTA"), by a vote of two-thirds of the Board, must determine if the Project satisfied the relocation planning requirements, and if satisfied, approve the Relocation Plan (Attachment B).

Metro staff also proposes a Pilot Program developed for acquisition and relocation activities to reduce hardships to property owners and displacees impacted by the Project. The Pilot Program includes acquisition incentives for owners entering into voluntary settlements within 60 days of receiving LACMTA's purchase offer and increasing relocation benefits to help minimize displacement hardships.

BACKGROUND

LACMTA completed the preparation of the Final Environmental Impact Statement / Environmental Impact Report (FEIS/FEIR) for the Project, and it was certified by the Board on December 3, 2020. LACMTA intends to phase the Project and construct the 6.7-mile segment along Van Nuys Boulevard as an Initial Operating Segment (IOS). The IOS will extend down the center of Van Nuys Boulevard from Van Nuys LACMTA G Line (Orange Line) Station in the community of Van Nuys on the south, north to the intersection of Van Nuys Boulevard and San Fernando Road which will be the location of the proposed terminus station of the IOS in the community of Pacoima.

LACMTA will need to acquire private property to build and operate the proposed alignment. The required property includes both temporary and permanent rights. The property will be required for four main purposes:

- Construction staging
- Maintenance & Service Facility (MSF)
- Traction Power Substation (TPSS)
- MSF non-revenue track connection

The Project will require the acquisition of privately held properties. Because this project is publicly funded, LACMTA will provide relocation assistance to persons and businesses displaced in compliance with all applicable federal, state, and local laws, regulations, rules, and policies.

Federal and State Regulations require that LACMTA complete relocation planning before initiating any displacement activities. This specific planning document is prepared to comply with federal requirements, as stated in 49 CFR 24.205 and Cal. Code Regs. Tit. 25, § 6038 - Relocation Plan.

DISCUSSION

The Relocation Plan prepared for the Project (Attachment B) describes the method of implementing relocation procedures for the fair, equitable, and consistent treatment of persons displaced from their homes and businesses when displacement occurs due to the Project. It identifies the administrative requirements for conducting relocation and sets forth relocation standards, occupancy standards, methods for obtaining comparable replacement housing, relocation assistance available to residential and non-residential eligible displaced persons, payments available, and other related provisions of the relocation assistance program. The Relocation Program is required to mitigate the impacts of displacement on the persons who will have to vacate because of the project.

The Relocation Plan provides a snapshot of the existing conditions at the occupied properties, such as the types and numbers of occupants that can be expected to be displaced. If changes in occupancy occur, such as additional occupants at properties currently vacant, such changes will be promptly reviewed and documented to determine the reason for moving in or out of the property to make timely determinations of eligibility for relocation assistance under the Relocation Program.

The Relocation Plan was posted on October 14th and was available for comment until November 14th.

The Plan was made available at libraries in Pacoima, Van Nuys and Panorama City and posted at metro.net/eastsvtransit. An email blast was sent to Community Relations' list of 1,979 ESFV stakeholders and ¼ page Newspaper Ads were run in Spanish and English in El Sol Newspaper. The plan notice was posted on NextDoor Website and via direct notice in English and Spanish to all 83 impacted owners and tenants through the mail. It was also announced at the October 25, 2023, virtual community meeting and the November 2, 2023 in-person community meeting.

Two comments were received on the relocation plan - one from Los Angeles Council District 6 and one from Pacoima Beautiful. The comments and the responses are included in the addendum to the relocation plan (Attachment B).

To expedite acquisition and relocation tasks, and to reduce hardships for property owners and displacees impacted by the Project, the Relocation Plan includes a Pilot Program which is supported by both regulatory authority and previous field experience. The adoption of this pilot program as described below will require increased spending above and beyond current LACMTA acquisition and relocation policies, however, cost savings are expected to be harvested due to expedited delivery of right of way, less eminent domain costs, and less loss of goodwill costs.

The proposed pilot program includes:

ACQUISITION INCENTIVES:

Acquisition incentive payments are in addition to the offer of just compensation as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA). Incentive payments have been used by many agencies on large infrastructure projects with both state and federal funding. Recognizing the value of incentives, the California Department of Transportation (Caltrans) prepared a Memorandum on Incentives dated June 12, 2014. This memorandum describes how FHWA's authority to participate in incentive payments is derived from 23 CFR 710.203 (b)(2)(ii). Under Caltrans regulations, the incentive payment is a lump sum payment of 10% of the appraised value with a minimum payment of \$1,000 and a maximum payment of \$100,000. It's important to note the Project has \$34.6 million of Caltrans funding for right of way.

The following incentive program is recommended to be implemented for the Project. Higher incentive amounts than those listed in the Caltrans Memo are recommended below as staff experience has shown these amounts have the best chance of expediting voluntary settlements.

The acquisition incentives recommended for the Project are:

- 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
- Apply the program retroactively to any parcels currently under negotiation when the incentive program is approved.

It is anticipated that an acquisition incentive program will result in the following potential benefits to property owners, displacees, and LACMTA:

- Increased number of voluntary settlements and delivery of right of way

- Development of good rapport with the property owners
- Schedule savings by expedited release of property for construction
- Reduced condemnation costs
- A streamlined settlement process for property owners
- A uniform approach to settlements that delivers compensation more quickly to property owners

INCREASED RELOCATION BENEFITS:

The Relocation Plan proposes increasing relocation benefits above those prescribed by the URA for business displacees for certain categories (current URA relocation benefits for re-establishment are capped at \$25,000; searching costs are capped at \$2,500; and fixed moving payments are capped at \$40,000).

It is recommended, based on the staff's decades of field experience, that the following current capped benefits be raised to the amounts listed below:

- In-lieu fixed payment be raised from a maximum of \$40,000 to a maximum of \$50,000
- Re-establishment be raised from a maximum of \$25,000 to a maximum of \$40,000
- Searching benefits be raised from a maximum of \$2500 to a maximum of \$5,000

Increasing capped non-residential relocation amounts above URA amounts is expected to result in:

- Faster relocations and less hardships to displacees, especially small businesses
- Accelerated parcel vacancies and schedule savings
- Potentially lower losses of goodwill claims

ADDITIONAL STREAMLINING MEASURES

The following streamlining measures do not require increased spending, are already authorized by existing regulations, and do not require additional approvals. They will be used in coordination with acquisition incentives and increased relocation benefits.

1. FTA requires its concurrence on appraised values over \$1,000,000 and acquisition settlements above \$50,000. These thresholds require FTA to use its staff or consultants to review any LACMTA-approved appraisal within that threshold. FTA Circular 5010-1E, Page IV-8, section g provides a procedure for increasing both the \$1,000,000 and \$50,000 concurrence thresholds. Metro is requesting FTA to increase its limit for just compensation and administrative settlements to \$6 million total.

It is anticipated that increased appraisal and settlement concurrence amounts will result in the following benefits to property owners, displacees, and LACMTA:

- faster appraisal approval on complex parcels
- less time taken for administrative coordination with FTA on settlements
- faster amicable settlements with property owners and

- less potential condemnation costs due to increased LACMTA settlement authority
2. Regulatory authority for Appraisal Waivers is found in 49 CFR 24.102 (C) (2). Appraisal Waivers are deemed appropriate where the valuation problem is uncomplicated, and the anticipated value of the proposed acquisition is estimated at \$10,000 or less. However, the Federal Agency funding the project may approve Appraisal Waivers up to \$25,000 if the acquiring agency offers the landowner the option of having the agency appraise the property.

It is anticipated that the use of appraisal waivers will result in the following potential benefits to property owners, displacees, and LACMTA:

- faster valuations of uncomplicated permanent acquisitions and TCEs as opposed to the use of appraisals and review appraisals, which may take up to four months to prepare
- cost savings to LACMTA as opposed to the use of appraisals and review appraisals, which may cost up to \$10,000 initially per parcel
- quicker delivery of payments to property owners due to faster valuations and
- schedule savings resulting from expedited valuations and negotiations that facilitate voluntary settlements

The Pilot Program is designed to reduce hardships to impacted property owners and displacees. Additionally, the program is expected to reduce acquisition and relocation timeframes which have averaged 24 to 36 months for more complicated cases. If successful, the pilot program could be applied to future projects.

METRICS

To measure the success of the acquisition incentive and increased relocation benefits, a series of metrics will be devised and implemented. It will likely take 2-3 years to have a comprehensive perspective of the benefits/costs of the pilot program.

The metrics used for determining the success of acquisition incentives will include tracking the following:

- Number of parcel owners claiming the incentives
- Duration to settle the acquisition and release the parcel to the contractor
- Total amount of incentives claimed per parcel
- Number of voluntary vs involuntary settlements

Negotiation timeframes for parcels claiming the incentives will be compared to historical data on similar parcels not benefitted from an incentive program. Total amounts paid for properties claiming the incentives (including the amount of the incentive and just compensation) will also be compared to historical data on similar parcels not benefitted by an incentive program. The results of these comparisons will be analyzed to judge the effectiveness of the incentive program.

The metrics used for determining the success of increased non-residential relocation benefits will be based on the following:

- Number of displacees claiming the increased relocation benefits
- General relocation timeframes
- Total amount of relocation benefits claimed per displacement
- Number of displacees not claiming the increased relocation benefits
- Number and amounts of goodwill claims paid to displacees

Relocation timeframes for displacees claiming the increased benefits will be compared to historical data on similar displaced businesses not receiving the higher benefits. The amount of loss of goodwill paid to displaced businesses claiming the increased benefits will be compared to historical data on similar displacees receiving the lower URA prescribed benefits and their corresponding losses of goodwill. The results of these comparisons will be analyzed to judge the effectiveness of the increased benefits. Once all metric data has been compiled, it will be finally reviewed as a whole to measure its effectiveness in reducing hardships to impacted property owners and displacees.

DETERMINATION OF SAFETY IMPACT

The Board's action will not have an impact on LACMTA's safety standards.

FINANCIAL IMPACT

The funding for the acquisition of the rights is included in the fiscal year 2024 budget under Project #865521, East San Fernando Valley Transit Project in Cost Center 8510 (Construction Project Management), Account Number 53101, (Acquisition of Land), and Fund 6001 (Light Rail).

Impact to Budget

Sources of funds for the recommended actions are Measure R 35%, Measure M 35%, and Federal and State Grants. These funds are not eligible for bus or rail operations.

Although the costs of proposed acquisition incentives and increased non-residential relocation benefits will not be fully reimbursable from Federal sources, the anticipated countervailing savings on Federally non-eligible loss of goodwill claims and savings realized from avoiding construction delays, condemnation costs, and legal fees, are expected to make up for the costs.

EQUITY PLATFORM

The Project will serve 11 new stations along Van Nuys Blvd and will improve connections and access to key destinations. Equity Focus Communities (EFC) are within walking and biking distance to the proposed stations. Accordingly, the Project will improve access for East San Fernando Valley transit riders in EFCs along the existing route to additional destinations. These destinations include hospitals, churches, and shopping centers. To date, Metro Community Relations (CR) staff, who include bilingual speaking staff, have met with the local neighborhood councils and representatives of the local council district offices on upcoming construction, mitigation plans/efforts, and outreach efforts to the local community. CR staff have also been visiting the small businesses along the alignment and have been providing bilingual

project information along with business resources available through Metro. Also, the Project will have a Community Leadership Council (CLC) as an advisory body to the Project and implement a CBO partnership that aligns with Metro's CBO Partnering Strategy. Before requests for Board adoption of the Relocation Plan, the Relocation Plan was posted for 30 days for public and community comment. Adoption of the Relocation Plan will allow the pilot program to reduce hardships to impacted property owners and displacees through the use of increased acquisition payments and relocation benefits. Real Estate Staff will coordinate with CR, CBOs, and CLC where appropriate to implement the Relocation Plan and benefit impacted property owners and displacees. In addition, the Real Estate Staff will be mindful of the goals of the ESFV's multi-year Cultural Competency Plan. These goals include, but are not limited to, respectful engagement of property owners and displacees based on historical context and lived experience and promoting nuanced understanding of the sociodemographic characteristics and identities of impacted property owners and displacees.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Board's action is consistent with LACMTA Vision 2028 Goal #1: Provide high-quality mobility options that enable people to spend less time traveling. The purpose of the Project is to provide high-capacity transit service in the San Fernando Valley.

Strategic Goal 2: Deliver outstanding trip experiences for all users of the transportation system. The at-grade light rail system will attract bus ridership and improve the trip experience for users of the transportation system.

Strategic Goal 3: Enhance communities and lives through mobility and access to opportunity. With 11 stations, including connections to Metro G-Line and Metrolink, the Project enhances mobility to the community.

Strategic Goal 4: Transform LA County through regional collaboration and national leadership. Collaboration with the elected officials, citizens, and Metro patrons of San Fernando Valley continues to positively impact the Project.

ALTERNATIVES CONSIDERED

The Board could choose not to approve the recommendations. This is not recommended as it is anticipated to result in delays and cost increases for the Project.

NEXT STEPS

If this action is approved by the Board, the adoption of the Relocation Plan will allow displacement activities to be carried out by LACMTA and the implementation of the Pilot Program. The Relocation Plan, including the Pilot Program, will be immediately implemented to advance acquisition and relocation activities for expedited right-of-way delivery for the East San Fernando Valley Light Rail Project.

ATTACHMENTS

Attachment A - Acquisition and Relocation Pilot Program for East San Fernando Valley Light Rail Project

Attachment B - Relocation Plan

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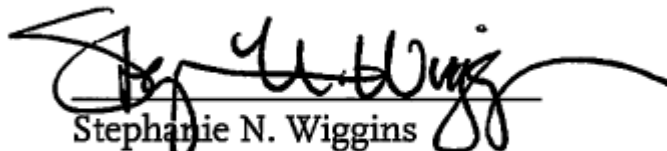
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