



Metro

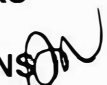
Los Angeles County
Metropolitan Transportation Authority


One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

November 9, 2022

TO: BOARD OF DIRECTORS

THROUGH: STEPHANIE N. WIGGINS 
CHIEF EXECUTIVE OFFICER

FROM: JAMES DE LA LOZA 
CHIEF PLANNING OFFICER

SUBJECT: LOS ANGELES COUNTY LAND BANK PILOT

ISSUE

At its June 2022 meeting, the Metro Board of Directors approved a motion directing Metro staff to collaborate with County Departments and outside community partners to explore opportunities to support the County's Land Bank Pilot. The motion focused on the potential to target areas where both Metro and the County are making significant investments and where Metro's experience in acquiring, holding and developing land could facilitate the County's program.

DISCUSSION

The following summarizes Metro staff's findings and offers recommendations for coordinating with the County as it establishes its Land Bank Pilot.

Current land acquisition process

Metro acquires land to support the construction and permanent operation of new transit facilities. Potential properties needed for a capital project are typically identified during the preliminary engineering phase and included in the environmental review process. Site acquisition occurs once the Board has certified the final environmental document in which the sites to be acquired have been considered. Properties which are acquired are to support the construction of the capital project. Only after the capital project is complete would unused acquired properties be available for joint development. This is often more than a decade after acquisition. For example, Metro previously acquired properties along Metro rail lines for construction purposes, which are now being or have

been developed as affordable housing in communities such as East Hollywood, Boyle Heights, and Westlake/MacArthur Park.

Strategic Acquisitions

The cost to deliver new rail corridor projects continues to rise, and project planners and engineers continue to explore opportunities to reduce costs. Right of way acquisition can become a substantial portion of the project budget, so staff and consultants look to minimize costs. Historically, only land that is essential to the delivery of the transit project and most cost effective is included. The Metro-owned parcels remaining after completion of construction may have reduced market value due to inherent site constraints that have limited their development potential. Further, Metro looks for opportunities where only partial or temporary acquisition is required, sometimes leaving incomplete and fragmented remnant properties which are not suitable for joint development. While costs are minimized in the short term, the future value is also minimized, and the potential to achieve Metro's other mobility and housing goals may be minimized.

In response to this challenge, the updated Joint Development policy adopted by the Board in July 2021 allows ground lease revenues from joint development to be reinvested in strategic acquisitions of development sites that could help to achieve housing and other Transit Oriented Communities (TOC) goals.

One of the most significant contributions that Metro can make to support the intent of land banking would be exploring strategic acquisitions that would augment property needed for rail corridor construction. Those strategic acquisitions could later be deployed for joint development.

Additionally, Metro's recently launched Housing Lab and Community Land Trust Strategy are opportunities for further coordination with the County including with its land banking pilot program.

Surplus Land Act

In September 2019, the California legislature adopted AB1486 (Ting) which extensively revised the Surplus Land Act (Act). This revision was an effort to prompt the delivery of more affordable housing on publicly-owned land. The amended Act, which took effect January 1, 2020, requires local agencies to prioritize affordable housing when disposing of surplus land, and requires certain noticing and other procedural requirements that govern negotiations. The Act, however, does not control land use or prevent the use of surplus land for other purposes. If properties are identified for economic development opportunities that include commercial and market rate uses, the Act specifies that a process would first need to ensure that the land in question could not be developed, under reasonable financial terms, for affordable housing.

Metro staff heard concerns from local jurisdictions that surplus properties would be subject to the Act, potentially hampering the ability to use such properties to achieve other economic development goals in their communities. To ensure that

key community priorities are not displaced, Metro would collaborate with jurisdictions at the outset of any potential strategic acquisition.

Metro Resources

Metro's Joint Development program has distinguished itself nationally by foregrounding community visioning in the joint development process and executing projects in partnership with communities at every step. By design, land bank sites would be situated in communities that are more vulnerable to gentrification and displacement pressures, only increasing the need for deep community collaboration when visioning disposition and development.

Additional staff and consultants are already needed to deliver on current expectations for the Joint Development program. Any future collaboration with the County on their land bank pilot, would have to include a plan for providing additional resources to the Metro Joint Development program.

Community Collaboration

As noted, some jurisdictions raised concerns about the potential for land banking to interrupt or limit local plans to redevelop sites in ways that align with local land use and economic development strategies. Staff believe that the County's land bank pilot is not itself a threat to these goals, if close coordination and partnership with cities precedes consideration of any site.

In 2018, the Metro Board adopted the Transit Oriented Communities Policy (TOC Policy) which affirmed Metro's commitment to incorporate equity and community development principles in delivering the Los Angeles County public transportation system in partnership with local jurisdictions. In 2020, the Board approved a TOC Implementation Plan that lays out the process for coordinating and collaborating with municipalities, local communities, and advocacy organizations to leverage the positive benefits of public transportation systems, as well as guarding against potential unintended consequences especially within vulnerable communities.

This policy is consistent with the envisioned land banking approach, since land banking can be a way to achieve the policy's goals. In parallel with the planning of new rail corridors, Metro staff will work closely with corridor communities to jointly identify opportunities and constraints for realizing TOCs; key sites identified in that process could be considered for the County's land banking pilot to help achieve shared goals.

RECOMMENDATIONS

Land acquired by Metro occurs during the rail corridor design and construction process following environmental review. Due to the timing and limitations of this process, staff does not recommend that Metro formally partner on a programmatic level to acquire properties for or lead aspects of the County's land bank pilot. Through this process, however, there is ample opportunity for Metro

staff to coordinate with the County in identifying properties that may not be slated for a transit purpose but, if acquired, could facilitate TOC outcomes. Potential site characteristic may include:

- ½-mile from planned transit stations that have been identified through collaborative station area planning efforts with local communities;
- adjacency to Metro-owned property (or land to be acquired by Metro) that, if acquired, would create a larger or more viable development opportunity; and/or
- sites where Metro can only justify acquisition for a short-term use, but for which there may be a longer-term public benefit in retaining as part of the County land banking pilot.

Staff recommends the following steps to continue to support the interests expressed in the Board motion:

- Collaborate with local jurisdictions through the corridor planning and TOC Implementation Plan processes to identify key community priorities and opportunities for the County's land bank pilot to help achieve shared goals.
- Institute a checklist to be used in the planning process to help staff consider the potential for joint development in property acquisitions.
- Regularly coordinate with County Land Bank staff during the planning and engineering phases of corridor projects.
- Where opportunities may exist to enhance or augment planned acquisitions, Metro staff will identify such sites and coordinate with County and local jurisdictions' staff to determine the appropriateness and explore the feasibility of incorporating such sites into the County's land banking pilot.
- When appropriate, Metro will enter into an MOU with the County to facilitate the planning, outreach, transfer (if necessary), and disposition of properties acquired through the County's land banking pilot.
- Through the Housing Lab, identify odd-shaped remnant properties that may provide alternative forms of housing. As properties are identified, also look for adjacent property owned by the County that could result in more traditional development sites.
- Consider the role of the County's land bank pilot and further opportunities for collaboration with the County on Metro's Community Land Trust Strategy that is under development and will be released early next year.

Conclusion

Metro's rail investment program has a well-developed program for the acquisition and subsequent joint development of properties. The recent Joint Development policy update expanded upon this by creating a process to reinvest ground lease revenues from joint development in the strategic acquisition of additional property through the ROW acquisition process. This presents opportunity for collaboration with local jurisdictions and the County's land bank pilot to identify locations that may benefit from the County's land banking pilot.

NEXT STEPS

Metro will coordinate with the County to carry out the Recommendations contained in this report. Should any sites be identified for potential land banking consistent with the criteria noted in this report, Metro will engage with local jurisdictions and communities to consider how such sites align with local visions for station areas. Additionally, staff will report back to the Board in early 2023 on the Metro Community Land Trust Strategy.

Attachment: Board File 2022-0422, Land Bank Pilot Partnership with Los Angeles County Motion



Board Report

File #: 2022-0422, File Type: Motion / Motion Response

Agenda Number: 49.

REGULAR BOARD MEETING JUNE 23, 2022

Motion by:

DIRECTORS SOLIS, NAJARIAN, KUEHL, AND MITCHELL

Land Bank Pilot Partnership with Los Angeles County Motion

On Tuesday, June 14, 2022, the Los Angeles County Board of Supervisors approved a motion directing County Departments to collaborate with Metro and other local agencies to draft a report detailing the steps necessary to create a Land Bank Pilot. The purpose of the Pilot is to support existing affordable housing infrastructure and increase the stock of affordable housing within the County with a particular focus on areas along the Los Angeles River and greening and infrastructure initiatives connected to the river. The motion also directed staff to develop a plan to secure at least \$50 million in seed funding for the Land Bank Pilot.

Land banks are public organizations that acquire, hold, and manage land in order to remove land from the speculative market and reserve them for future uses. The County's Land Bank Pilot stems from the County's recently updated Los Angeles River Master Plan (Master Plan) which builds upon the County's 1996 plan to address critical issues including equity, workforce development, safety, environmental justice, and affordable housing. The Master Plan utilized existing plans such as the Lower Los Angeles River Revitalization Plan and the City of Los Angeles Los Angeles River Revitalization Plan combined with robust community outreach and data research to identify areas for investment and potential projects along the 51 miles of river. Goal 6 of the Master Plan directs the County to identify funding necessary to create an affordable housing land bank or other mechanisms to purchase land in proximity to the Los Angeles River and to hold it for future development of affordable housing, or permanent supportive housing. The Land Bank Pilot is intended to mitigate speculation along the Los Angeles River that may occur when large infrastructure investments are made, especially in low-income communities of color.

The County's recent adoption of the Master Plan and action to establish a Land Bank Pilot offers an opportunity for Metro to build on the 2021 Joint Development Policy Update, which included recommendations for a Housing Lab that could explore land banking opportunities. Metro has major capital projects in the pipeline located on or adjacent to the Los Angeles River that may increase property values and real estate speculation in low-income communities along the corridor. These projects include the LA River Path, the West Santa Ana Branch Transit Corridor, the Arts District Station, Rail to River, and others. Metro also offers unique expertise in acquiring, holding, and re-developing land across the region. Joint development projects like Lorena Plaza and Los Lirios in

Boyle Heights are shining examples of what the power and significance of land banks. A partnership with the County through the Land Bank Pilot would create opportunities to target specific areas where both Metro and County are making significant investments and would make the best use of Metro's experience in acquiring, holding and developing land.

SUBJECT: LAND BANK PILOT PARTNERSHIP WITH LOS ANGELES COUNTY MOTION

RECOMMENDATION

APPROVE Motion by Directors Solis, Najarian, Kuehl, and Mitchell directing the Chief Executive Officer to:

- A. Collaborate with the Los Angeles County Chief Executive Office, other County Departments and outside community partners to explore opportunities to partner on the Land Bank Pilot;
- B. Identify specific roles that Metro can take on as part of the Land Bank Pilot and associated duties that align with Metro's role as a transit operator and transportation planner for the region. Metro should consider a scenario in which the County leads property acquisitions where a nexus to Metro exists and Metro takes on holding and developing the properties;
- C. Explore additional ways to partner with the County leveraging the work of Metro's Housing Lab, including participating in the County's Community Land Trust Partnership Pilot Program; and
- D. Report back on all directives above in October 2022.