



April 2, 1997

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TO: BOARD OF DIRECTORS

FROM: LINDA BOHLINGER, INTERIM CHIEF EXECUTIVE OFFICER

**SUBJECT: AUTHORIZATION TO SELL SURPLUS REAL PROPERTY
POMEROY AVENUE, LOS ANGELES**

Los Angeles County
Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012

213.922.6000

RECOMMENDATION

- a. Authorize the sale of six (6) residential lots located in the 1800 Block of Pomeroy Street in the City of Los Angeles (Boyle Heights) to the City of Los Angeles Housing Department (LAHD) for an aggregate base price of \$39,600 for the development of replacement housing that gives preferences to residents displaced by the MTA Eastside Extension.
- b. Authorize the proceeds from the sale of the six (6) lots be held in reserve for the purpose of providing additional financial assistance to MTA displacees to qualify for home ownership. The criteria for disbursement of the funds will be approved by the MTA.

ORGANIZATIONAL IMPACT

The Metro East Side Extension Mitigation Monitoring Plan (MMP) includes a provision to make sites available for the development of housing to replenish the housing stock removed as a result of the East Side project. The development of these parcels by the City of Los Angeles Housing Department helps to meet that commitment.

The proposed development of the Pomeroy parcels into 6 single family homes will meet the following goals: (1) compliance with a mitigation requirement to replenish the housing stock (2) priority availability of affordable new housing for purchase by MTA displacees, and (3) the disposition of MTA owned real property that is excess to transit or program needs.

ALTERNATIVES CONSIDERED

- a. Sell the properties on the open market. This alternative is not recommended since outright sale of the property would not permit MTA to meet its commitment to provide replacement housing.
- b. Decline to sell the property to the City of Los Angeles and directly offer these sites to builders/developers via the RFP process. This alternative is not recommended because of the long lead time involved in the RFP process. Also the private developer would need the same financial below-market financing that is offered by the LAHD program.

c. Hold the parcels until the market justifies development at a higher and better use of multi-family units. This alternative is not recommended due to the uncertainty of when the market would appreciate to the point that development of multi-family units would be feasible.

IMPACT ON BUDGET

The sale of this real property will result in the MTA receiving at the time of transfer to the LAHD the minimum base price of \$39,600. Additional amounts up to \$18,300 per home may be realized depending upon the circumstance of each subsequent sale to the ultimate homeowner. Any cost savings related to brokers fees, site preparation and construction contingencies will be passed on to MTA. Sale of the properties will also eliminate MTA's responsibility for security, maintenance, and liability associated with the parcels.

BACKGROUND

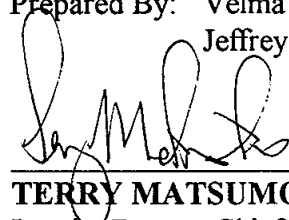
The six lots were acquired during 1990 as a portion of the \$500 million right-of-way acquisition from the Southern Pacific Railroad for commuter rail purposes. Since the acquisition was part of a bulk purchase no specific acquisition cost was established. These lots are not required for any transit project and can be declared excess to MTA's transportation needs. The parcels have been unoccupied for approximately five (5) years. Three (3) lots are vacant and three (3) are improved with houses that are in a state of disrepair and have been boarded-up for security purposes.

The LAHD will provide interim loans from its HOME Funds to two experienced builders for construction of six detached single family residences containing approximately 1,400 square feet with 3 bedrooms, 2 baths, a two car garage, and landscaping for an established maximum sales prices of \$130,000. The guidelines of the LAHD program includes a fixed 6.94% interest rate for a 30 year term and a 5% down-payment as established by the mortgage revenue bond program. The program provides financing to a first time homebuyer with a conventional loan plus an additional deferred payment loan by LAHD to fill the gap between the conventional mortgage, the downpayment and the selling price of the home. The homes will be available for purchase within 6 months of notice to the LAHD developer to begin construction. (See Exhibit "B")

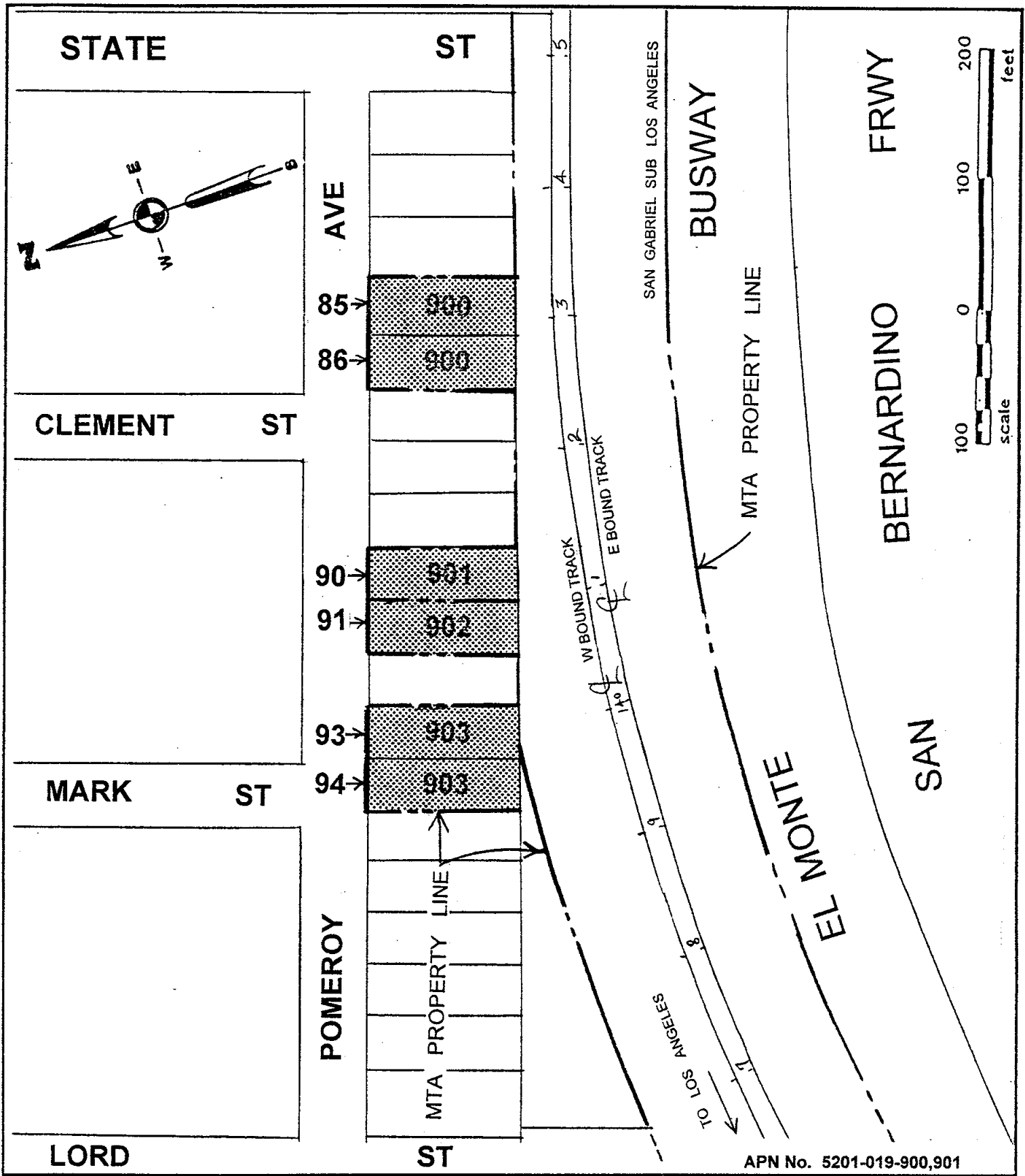
The LAHD will be responsible for selecting the developers/builders based on their established procedures. The sales agreement between MTA and LAHD will include a provision which requires that priority be given to MTA displacees for the purchase of the completed homes. MTA will also assist the MTA displacees to qualify for conventional and LAHD financing toward the purchase of the homes. MTA will continue to monitor the development, construction and disposition of the homes to assure that the project is successfully completed.

ATTACHMENTS: Exhibit "A" Plot Plan
Exhibit "B" LAHD Development Cost Pro-Forma



Prepared By: Velma C. Marshall, Director of Real Estate
Jeffrey Wynn, Joint Development



TERRY MATSUMOTO
Interim Deputy Chief Executive Officer



APN No. 5201-019-900,901
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	Branch/Line	Map Reference	Mile Post	EXHIBIT 'A'	Lessee/Licensee	
	SGSLA	SLA 2	485.95			
	Engineers Station	Community	City	Los Angeles Metropolitan Transportation Authority One Gateway Plaza Los Angeles, CA 90012-2902	MTA File No.	
	140+00		LOS ANGELES			
County	Nearest Cross St.	Thomas Guide Grids	Scale		Date	MLS
LOS ANGELES	STATE ST.	635 A2	1"=100'		4/1/97	
Area	Use	Legend				
	RESIDENTIAL					

GARY W. SQUIER
GENERAL MANAGER

CITY OF LOS ANGELES
CALIFORNIA



RICHARD J. RIORDAN
MAYOR
April 2, 1997

LOS ANGELES HOUSING
DEPARTMENT
RENT STABILIZATION DIVISION
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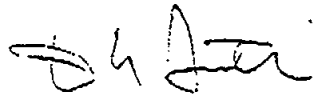
POMEROY AVENUE

The Los Angeles Housing Department (LAHD) is looking forward to working with MTA on development of lot numbers 85, 86, 90, 91, 93 & 94 located on Pomerooy Avenue, Los Angeles. In working together on this project, we will be providing six single-family homes to first time home buyers. These homes will first be available to households displaced due to MTA construction at a sales price of \$129,900. With a 3% down payment and existing subsidies available from LAHD, we will be able to reach households at 60% median income. We will be able to reach even lower income households when LAHD subsidies are coupled with MTA relocation benefits.

We look forward to partnering in this effort.

Sincerely,

GARY W. SQUIER
General Manager

By: 
DOUGLAS W. SMITH, Manager
Home Ownership Unit

DS:glh

Developer Name: .	No. Res. Units: 4
Project Address: Pomeroy	Building Area(sq.ft.): 1,400
Land Area (sq. ft.): 4,800 = 40 x 120	Garage Area(sq.ft.): 400

LAHD LIQUID MONEY: \$108,909

LAND COSTS:

Purchase Price/Appraised Value	\$6,600
Closing Costs/Title Insurance	\$1,500
Demolition	\$3,125
Sub-Total Land Costs	\$11,225

PERMIT/FEES & STUDIES:

Fees and Permits	\$4,000
School Fees	\$2,576
Survey	\$600
Phase I (MTA)	\$0
Soils	\$0
Architectural & Engineering	\$1,200
Course of Construction/General Liability Insurance	\$1,300
Contingency	\$500
Sub-Total Permit Fees/Studies	\$10,176

DIRECT CONSTRUCTION:

Structures:	
1. Residential Construction	\$61,600
2. Garage	\$4,000
On-Site Improvement/Landscaping	\$2,500
Off-Site Improvement (sewer \$0,water \$300,sidewalk \$1,680,Driveway \$1,500)	\$3,480
Builder's Profit/Overhead	\$6,000
Construction Contingency	\$7,428
Sub-Total Construction Costs	\$85,008

INDIRECT CONSTRUCTION:

Construction Loan Interest	\$0
Construction Financing Fees	\$0
Construction Accounting	\$500
Other (Security)	\$2,000
Sub-Total Indirect Construction	\$2,500

SELLING COSTS:

Real Estate Agents Fees (6%TPC)	\$7,795
Closing Costs: Developer (4%TPC)	\$5,196
Developers Fee	\$8,000
Sub-Total Sale Period	\$20,991

TOTAL PROJECT COST \$129,900

Assumptions:			
Percent of Median	60%	Annual \$ Available for Mortgage	\$7,211
Number of Bedrooms	3	Monthly Available for Mortgage	\$601
Household Size	4	Interest Rate	6.94%
Annual Housing Expenditure	\$9,290	Term (Years)	30
Insurance	\$455	Supportable Mortgage	\$90,873
Taxes	\$1,624		
SOURCES			
	Amount		
Maximum Conventional 1st T.D.	\$90,873		
LAHD Soft 2nd (\$40,000 Max)	\$35,130		
Down Payment (3%)	\$3,897		
Total Sources	\$129,900		