

Restoration of Historic Streetcar in Downtown Los Angeles
Los Angeles, California
Small Starts Project Development
(Rating Assigned November 2018)

Summary Description	
Proposed Project:	Streetcar 3.4 Miles, 23 Stations
Total Capital Cost (\$YOE):	\$296.38 Million <small>(Includes \$14.2 million in finance charges)</small>
Section 5309 CIG Share (\$YOE):	\$100.00 Million (33.7%)
Annual Operating Cost (opening year 2022):	\$7.00 Million
Current Year Ridership Forecast (2015):	3,700 Daily Linked Trips 1,137,400 Annual Linked Trips
Horizon Year Ridership Forecast (2035):	5,100 Daily Linked Trips 1,557,400 Annual Linked Trips
Overall Project Rating:	Medium-Low
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium-Low

Project Description: The City of Los Angeles Department of Transportation (LADOT) proposes to implement modern streetcar circulator service in a loop within downtown Los Angeles, connecting the Civic Center and the historic core with the Los Angeles sports and entertainment district. The project includes eight new light rail vehicles, a maintenance and vehicle storage facility, and five traction power substations. On weekdays, service is planned to operate every seven minutes during rush hours, every 10 minutes midday and every 15 minutes in the evening, while weekend service would operate every 10 minutes.

Project Purpose: LADOT indicates the project would provide short-trip transit service and increased connectivity between existing activity centers and neighborhoods that are slated for growth but where transit service is lacking or disconnected today. The downtown area in Los Angeles is experiencing an increased demand for transit service resulting from extensive property redevelopment and population growth. Current traffic patterns and parking demands constrain intra-downtown mobility and connectivity to other transit modes. The proposed streetcar project connects residential and employment areas, shopping districts, civic resources, cultural institutions, historic districts and landmarks, and entertainment venues, and provides connectivity to other transit services including LADOT DASH service, Metro’s bus and rail system, and other regional transit operators.

Project Development History, Status and Next Steps: LADOT completed an alternatives analysis and adopted streetcar as the locally preferred alternative in January 2012. It was subsequently included in the region’s fiscally constrained long range transportation plan in July 2013. After further analysis of alignment alternatives, the current 7th Street alignment was adopted as the locally preferred alternative in November 2016. LADOT hopes to complete the environmental review process with receipt of a Finding of No Significant Impact in March 2019, receive a Small Starts Grant Agreement in spring 2020, and start revenue service in 2022.

Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 Small Starts	\$100.00	33.7%
Local: Measure M Sales Tax Revenue	\$94.03	31.7%
Mello-Roos Community Facilities District Special Tax District Revenue and Bond Proceeds	\$89.83	30.3%
City of Los Angeles Cash Contribution	\$8.20	2.8%
Transfer of Floor Area Right Trust Fund Revenues	\$2.98	1.1%
Assembly Bill 1290 Tax Increment Revenues	\$0.71	0.2%
Measure R Sales Tax Funds	\$0.63	0.2%
Total:	\$296.38	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

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Factor	Rating	Comments
Local Financial Commitment Rating	Medium-Low	
Non-Section 5309 CIG Share	N/A	The CIG share of the project is 33.7 percent.
Summary Financial Plan Rating	Medium-Low	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium-High	<ul style="list-style-type: none"> • The average age of the City of Los Angeles' Department of Transportation (LADOT) bus fleet is 5.4 years, which is younger than the industry average. • The most recent bond ratings for the City of Los Angeles, issued in November 2018, are as follows: Moody's Investors Service Aa2 and Standard & Poor's Corporation AA. • The City of Los Angeles' current ratio of assets to liabilities as reported in its most recent audited financial statement is 6.3 (FY2017). • There have been no service cutbacks and no cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of local financial commitment rating)	Low	<ul style="list-style-type: none"> • Approximately 0.7 percent of the non-Section 5309 CIG capital funds are committed or budgeted, and the rest are considered planned. Sources of funds include contributions from the City of Los Angeles general fund revenues, Assembly Bill 1290 tax increment revenues, Measure R sales tax funds, Transfer of Floor Area Right trust fund revenues, Mello-Roos Community Facilities District special tax district revenue and bond proceeds, and Metro Measure M sales tax funds. • Approximately 99.7 percent of operating funds are committed or budgeted in the first full year of operation, and the rest are considered planned. Sources of funds include Proposition A Local Transit Assistance Fund sales tax revenues, farebox revenues, advertising and naming rights revenue, Measure R sales tax funds, Metro Bus Pass revenues, and interest income.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating)	Low	<ul style="list-style-type: none"> • Assumed growth in capital revenues is reasonable compared to recent historical experience. • The capital cost estimate is optimistic. • Regarding operating revenue assumptions, Proposition A Local Transit Assistance Fund sales tax revenues are considered reasonable, and farebox collections are considered highly optimistic compared to recent historical

		<p>experience. In addition, the operating financial plan has insufficient revenues to cover operating costs, resulting in an overall deficit.</p> <ul style="list-style-type: none">• The financial plan includes only a portion of the City of Los Angeles' transit system operating costs. Thus, an assessment of the reasonableness of the operating costs was not possible.• LADOT did not demonstrate access to funds via additional debt capacity, cash reserves, or other committed funds to cover any unexpected capital cost increases or funding shortfalls for the Project, or annual system wide operating expenses.
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LAND USE RATING: High

The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county.

- An estimated 155,000 jobs would be served by the project, which corresponds to a Medium-High rating according to FTA benchmarks. Average population density across all station areas is 15,800 persons per square mile, corresponding to a High rating. In the central business district (CBD), daily parking fees average \$32, which rates as High. The ratio of station area to county LBAR housing is 9.78, corresponding to a High rating.
- Station areas in downtown Los Angeles contain primarily high-density land uses, including a mix of commercial, residential, public, and entertainment uses. Residential uses include luxury high-rise residential development, as well as smaller mid-rise, low-rise and loft residences. The southeastern portion of the project corridor includes some industrial land uses.
- The corridor has good sidewalk coverage and high-visibility crosswalks. The relatively large block sizes as well as the two freeways surrounding the downtown pose some barriers to walkability.

ECONOMIC DEVELOPMENT RATING: Medium-High

Transit-Supportive Plans and Policies: Medium-High

- *Transit-Supportive Corridor Policies:* Most of the corridor is governed by the *Central City Community Plan*; three small-area plans also apply to parts of the corridor. Overall, the plans support moderate to high densities and a good pedestrian environment. Los Angeles's new, nearly final community plan and zoning code, *DTLA 2040*, would more substantially focus density around transit lines.
- *Supportive Zoning Regulations Near Transit Stations:* Current base zoning allows only moderate densities but provides for substantial density bonus opportunities. The corridor features some zoning for dense, multi-family housing, although industrial and commercial zones occupy much larger shares of the area. The *DTLA 2040* zoning would increase densities in most of the corridor to Medium-High to High levels per FTA benchmarks, eliminate single use zoning, and eliminate parking requirements.
- *Tools to Implement Land Use Policies:* Regulatory and financial incentives to promote transit-supportive development include a density bonus for projects near transit, property tax increment districts and a loan program. Outreach has aimed to ensure that the project will integrate with concurrent downtown planning and projects, and attract transit-oriented development.

Performance and Impacts of Policies: Medium-High

- *Performance of Land Use Policies:* Downtown has experienced strong residential growth in the past two decades. Within the corridor, there are currently over 30 commercial and mixed-use buildings under construction, as well as about 10,000 housing units. Most new residential buildings are mid- to high-rise structures that include retail space.
- *Potential Impact of Transit Investment on Regional Land Use:* Over 15 million square feet of land located within the corridor, across 206 sites, is identified by the City as vacant or underutilized and able to be redeveloped. Growth in office real estate will also increase as employment in the corridor is forecast to grow by 20 percent over the next 20 years.

Tools to Maintain or Increase Share of Affordable Housing: Medium

- Los Angeles's plans and policies to support affordable housing include density bonuses, a housing incentive area for downtown, mandatory developer fees for affordable housing, and streamlined processing for projects that meet affordable housing minimums.
- At least five affordable housing projects providing over 1,300 units were noted in the corridor since 2010, although most of these units are in two existing senior housing buildings that were rehabilitated. An additional 398 special-needs affordable units are under construction. Only a small fraction of total residential development under construction includes affordable units, and many existing units' affordability restrictions are slated to lapse in the next several years.

Los Angeles Downtown Streetcar

