

ACQUISITION POLICY

1.0 INTRODUCTION

By statute, the City of Inglewood ("City") may purchase, lease, and dispose of interests in real property required for the construction and operation of the Inglewood Transit Connector Project.

The basic policies and procedures which regulate the real estate acquisition program for the City are in compliance with all applicable federal, state and local laws and regulations, including when applicable, the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, as amended (Uniform Act); 49 CFR Part 24, dated January 4, 2005, titled Uniform Relocation Assistance and Real Property Acquisition Regulations for Federal and Federally Assisted Programs, Final Rule (Final Rule); Moving Ahead for Progress in the 21st Century Act (MAP-21) and revisions to 49 CFR Part 24 Final Rule effective June 3, 2024 which updates existing regulations of the Uniform Act, FTA Circular 5010-1F (revised November 1, 2024), Public Law 105-117, Section 41135 of the California Health and Safety Code, Section 7260 et. seq., of the California Government Code, the California Eminent Domain Law, Section 1230 et. seq, Part 3, Title 7 of the California Code of Civil Procedures and other applicable federal, state, local laws, and regulations. The Uniform Act was adopted to: (1) ensure that uniform, fair and equitable treatment is afforded to persons displaced from their homes and businesses as a result of public projects; and (2) in the acquisition of real property by a public agency, to ensure consistent and fair treatment to owners of real property, to encourage and expedite acquisition by agreement and to promote confidence in public land acquisition activities.

The acquisition of property by the City shall be governed by the following policies:

2.0 POLICY

2.1 PARCEL ACQUISITION

1. Every reasonable effort will be made to acquire the real property expeditiously by negotiation.
2. **Notice to owner.** As soon as feasible, the City shall notify Owners in writing of the City's interest in acquiring the real property and the basic protections provided to the owner by law including the City's obligation to secure an appraisal as required by law.
3. The required right of way will be acquired in fee simple unless a lesser interest is determined to be in the City's best interest and that adequate control can be obtained to assure the safe operation and construction of the transit project.
4. **Appraisal and invitation to owner.** Before the initiation of negotiations, the real property to be acquired shall be appraised and the owner, or the owner's designated representative shall be given an opportunity to accompany the appraiser during the appraiser's inspection of the property.
5. **Establishment of Just Compensation.** Before the initiation of negotiations, the City shall

establish an amount which it believes is Just Compensation for the real property. The amount will not be less than the approved appraisal or waiver valuation of the fair market value of the property, considering the value of allowable damages or benefits to any remaining property. Promptly thereafter, the City shall make a written offer to the owner or the designated owner's representative to acquire the property for the full amount believed to be Just Compensation.

6. **Summary statement.** Along with the initial written purchase offer, the owner or the designated owner's representative will be given a written statement of the basis for the offer of Just Compensation, which shall include:
 - a) A statement of the amount offered as Just Compensation. In the case of a partial acquisition, the compensation for the real property to be acquired and the compensation for damages, if any, to the remaining real property shall be separately stated.
 - b) A description and location identification of the real property and the interest in the real property to be acquired.
7. **Negotiation procedures.** The City shall make all reasonable efforts to contact the owner or the owner's designated representative and discuss its offer to purchase the property. The owner shall be given reasonable opportunity to consider the offer and present material which the owner believes is relevant to determining the value of the property and to suggest modification in the proposed terms and conditions of the purchase. The City shall consider the owner's or the designated owner's representative's presentation.
8. **Updating offer of Just Compensation.** If the information presented by the owner, or a material change in the character or condition of the property indicates the need for new appraisal information or waiver evaluation, or if a significant delay has occurred since the time of the appraisal(s) or waiver evaluation of the property, the City shall have the appraisal(s) or waiver evaluation updated or obtain a new appraisal(s) or waiver evaluation. If the latest appraisal or waiver evaluation information indicates that a change in the purchase offer is warranted, the City shall promptly reestablish Just Compensation and offer that amount to the owner in writing
9. **Payment before taking possession.** Before requiring the owner to surrender possession of the real property, the City shall pay the agreed purchase price to the owner, or in the case of a condemnation, deposit with the court for the benefit of the owner, an amount not less than the City's approved appraisal of the fair market value of such property, or the court award of compensation in the condemnation proceeding for the property. In exceptional circumstances, with the prior approval of the owner or the owner's designated representative, the City may obtain a right of entry for construction purposes before making payment available to the owner.
10. **Waiver of Appraisal.** An appraisal may be waived if (a) the owner is donating the property and releases the City from its obligation to appraise the property; or (b) the City determines that an appraisal is unnecessary because the valuation problem is uncomplicated and has a low fair market value, and the anticipated value of the proposed acquisition is estimated at \$15,000 or less based on a review of available data. The City's representative making the determination to use the waiver valuation option must understand valuation principles,

techniques, and use of appraisals to be able to determine whether the proposed acquisition is uncomplicated and has a low market value.

11. **Uneconomic remnant.** If the acquisition of only a portion of the property would leave the owner with an uneconomic remnant, the City shall offer to acquire the uneconomic remnant along with the portion of the property needed for the project.
12. If a business is conducted by the owner (or tenant) on the real property to be acquired, the business fixtures and equipment shall be appraised.
13. Owner(s) will be entitled to be reimbursed up to \$5,000 for the reasonable costs of an independent appraisal of the proposed property interest to be acquired by the City under the threat of eminent domain, at the time the City makes the offer to purchase the Property. The independent appraisal shall be conducted by an appraiser licensed by the Office of Real Estate Appraisers.
14. **Appraisal and establishment of Just Compensation for a tenant owned improvement.** Just Compensation for a tenant-owned improvement is the amount which the improvement contributes to the fair market value of the whole property, or its salvage value whichever is greater. When acquiring real property subject to a lease, a joint offer will be made to the owner and tenant pending the determination of the ownership interest of each party in the fixtures and equipment. Once ownership is determined, a Release will be obtained from the other party.
15. **Acquisition of improvements.** When acquiring any interest in real property, the City shall offer to acquire at least an equal interest in all buildings, structures, or other improvements located on the real property to be acquired which it requires to be removed from the real property, or which is determined to be adversely affected by the use to which such real property will be put. This includes any improvement owned by a tenant-owner who has rights or obligation to remove the improvements at the expiration of the lease term.
16. As soon as practicable after the date of payment of the purchase price or the date of deposit in court of funds to satisfy the award of compensation in a condemnation proceeding to acquire real property, whichever is the earlier, the City shall pay for expenses necessarily incurred for:
 - a) recording fees, transfer taxes, escrow fees, and similar expenses incidental to conveying the real property; and
 - b) penalty costs for prepayment of any preexisting recorded mortgage entered in good faith encumbering the real property.

2.2 ESTABLISHMENT OF JUST COMPENSATION

The recommended amount of Just Compensation for the property and any fixtures and equipment will be established before the initiation of negotiations. The amount shall not be less than the approved appraisal or waiver valuation of the fair market value of the property, taking into account the value of allowable damages or benefits to any remaining property. Any decrease or increase in the fair market value of the real property prior to the date of valuation caused by the City project for which the property is to be acquired, or the likelihood that the property would be acquired for, other than that due to physical deterioration within the reasonable control of the owner will be disregarded in determining the compensation for the property.

The following delegation of authority will govern the approval of Just Compensation:

- Amounts up to \$250,000 shall be submitted to the City Manager or Senior Assistant City Manager for approval;
- All other amounts of Just Compensation shall be submitted to the Mayor and City Council for approval.
- Amounts over \$1,000,000 shall be submitted to the federal, state or local agencies of concurrence if required.

2.3 OFFER TO PURCHASE

A written offer to acquire the property for the full amount of the recommended Just Compensation will be made promptly to the owner(s) or the owner's designated representative of the real property and the fixtures and equipment. An offer for less than an amount established as Just Compensation may be made if (1) the real property is offered for sale by the owner at a specified price less than the amount established as Just Compensation; (2) an offer which is equal to the specified price for which the property is being offered by the landowner is made; and (3) no federal funds are involved in the acquisition, construction, or project development. The "offer for sale" means any of the following:

- Directly offered by the landowner to the City for a specified price in advance of negotiations; or
- Offered for sale to the public at an advertised or published, specified price set no more than six months prior to and still available at the time the City initiates contact with the landowner regarding its possible acquisition of the property.

The owner or the designated owner's representative will be provided a written statement of, and summary of the basis for, the amount established as Just Compensation. The offer package will include:

1. A statement of the amount offered as Just Compensation. In the case of a partial acquisition, the compensation for real property to be acquired and the compensation for damages, if any, to the remaining property will be stated separately.
2. A description of the real property, the location of the real property, and the interest in the property to be acquired.

3. An identification of the buildings, structures, and other improvements (fixtures and equipment) which are considered to be part of the real property for which the offer of Just Compensation is made.
4. A statement that the offer is contingent upon the results of an environmental investigation, if applicable.
5. A written statement of, and summary of the basis for, the amount established as Just Compensation. The written statement and summary shall contain detail sufficient to clearly indicate the basis for the offer, including but not limited to, all the following information:
 - a) The date of valuation, highest and best use, and applicable zoning of the property.
 - b) The principal transactions, reproduction or replacement cost analysis, or capitalization analysis, supporting the determination of value.
 - c) Where appropriate, the Just Compensation for the real property acquired and for damages to the remaining real property will be separately stated and shall include the calculations and narrative explanation supporting the compensation, including any offsetting benefits.

2.4 NEGOTIATION

Every reasonable effort will be made to contact the owner or the owner's designated representative to discuss the offer of Just Compensation and to explain the City's acquisition policies and procedures, including its payment of incidental expenses. The owner will be given a reasonable opportunity to consider the offer and present materials which the owner believes are relevant to determining the value of the property and to suggest modification in the proposed terms and conditions of the purchase. The City shall consider the owner's or the designated owner's representation presentation.

An updated or new appraisal will be obtained if the information presented by the owner, or a material change in the character or condition of the property, indicates the need for new waiver valuation or appraisal, or if a significant delay has occurred since the time of the appraisal or waiver valuation of the property. If the latest appraisal information or waiver valuation indicates that a change in the purchase offer is warranted, the City may re-establish Just Compensation and offer that amount to the owner in writing.

No person lawfully occupying real property will be required to move his or her business, without at least ninety (90) days written notice from the City, of the date by which such move is required. An owner or tenant may be permitted to occupy the real property acquired on a rental basis for a short term or for a period subject to termination by the City on short notice. The amount of rent required shall not exceed fair market rental value of the property.

The property owner will be given full information as to the following:

- The necessity for the proposed transportation project.
- How the proposed improvements will affect the property.

2.5 CONDEMNATION

If the City intends to acquire any interest in real property by exercise of the power of eminent domain, it will institute formal condemnation proceedings and not intentionally make it necessary for the owner to institute legal proceedings to prove the fact of the taking of the real property.

The City will not advance the time of condemnation, defer negotiations, defer condemnation or the deposit of funds with the court or take any other coercive action to induce an agreement on the price to be paid for the property.

The City may seek to obtain an Order of Immediate Possession ("OIP") from the court. The City will deposit with the court, an amount not less than the approved Just Compensation of the property, or the court award of compensation in the condemnation proceedings prior to taking possession of the property. With the prior approval of the owner or the owner's designated representative, the City may seek to obtain a right-of-entry for construction purposes before making payment available to an owner.

2.6 PARTIAL ACQUISITION

If the acquisition of only a portion of a property would leave the owner with an uneconomic remnant, as determined by the real estate appraiser, the City shall offer to acquire the uneconomic remnant, if the owner desires, along with the portion needed for the project. An uneconomic remnant is a parcel of real property in which the owner is left with an interest after the partial acquisition of the owner's property, and which has been determined to have little or no value or utility to the owner.

2.7 LOSS OF GOODWILL

The owner of a business may be entitled to receive compensation for "loss of goodwill" as part of the acquisition process. The owner of a business conducted on the property taken shall be compensated for loss of goodwill if the owner proves all the following as required by the California Code of Civil Procedure Section 1263.510:

- The loss is caused by the taking of the property or the injury to the remainder.
- The loss cannot reasonably be prevented by relocation of the business or by taking steps and adopting procedures that a reasonably prudent person would take and adopt in preserving the goodwill.
- Compensation for the loss will not be included in payment under Section 7262 of the California Government Code (Relocation Benefits).
- Compensation for the loss will not be duplicated in the compensation otherwise awarded to the owner.

Within the meaning of Section 1263.510, goodwill consists of the benefits that accrue to a business because of its location, reputation for dependability, skill, or quality, and any other circumstances resulting in probable retention of old or acquisition of new patronage.

2.8 ADVANCE ACQUISITION

The City may consider the acquisition of a property in advance of the parcel's certification for the Project. The standard City acquisition policies will be adhered to in completing an advance acquisition. The advance acquisition of properties will be considered whenever practical to:

- forestall anticipated value appreciation from development or speculation, or
- alleviate a hardship on the property owner resulting from the City's interest in acquiring the property.

The following factors will be evaluated and investigated prior to recommending an advance acquisition to the City Council:

- Availability of funds.
- Availability of project funding or assurances that the right to such funds will not be jeopardized by virtue of the advance acquisition.
- That any Environmental documents are completed, and that pre-certification has been completed.
- That the acquisition and holding costs of the property will not exceed the cost savings and benefits of advance acquisition.
- That hardships that arise on the part of the property owner resulting from the City's interest in acquiring the property may be alleviated by advance acquisition.
- That avoidance of future potential condemnation actions and the associated costs are in the public's interest; and
- Obtain the approval of the FTA if federal funds are required.

2.9 ADMINISTRATIVE SETTLEMENT

If during the process of negotiation, the owners or the owner's designated representative make a counteroffer, which is more than the approved Just Compensation but is considered a reasonable price, the City will consider an Administrative Settlement. The purchase price of the property may exceed the amount offered as Just Compensation under the following circumstances:

- when all reasonable efforts to negotiate an agreement at the offered amount have failed, and
- when the appropriate authority approves such administrative settlement as being reasonable, prudent, and in the public interest.

A written justification will be prepared indicating that such a settlement is supported by available information (e.g., all available appraisals including the owner's appraisal; recent court awards for similar types of property; range of probable testimony in trial; estimated trial costs; the opinion of legal counsel; the approved budget for acquisition of the parcel; or issues of valuation).

2.10 DONATIONS OR VOLUNTARY ACQUISITIONS

A person whose real property is being acquired may, after being fully informed of his or her right to receive Just Compensation for such property, donate such property, and any part thereof, any interest therein, or any compensation paid therefor to the City, as such person shall determine. For voluntary acquisitions or when the property is donated, the owner occupants are not eligible for relocation benefits. However, tenants occupying the premises at the time a binding agreement is signed between the City and the owner are eligible.

3.0 DEFINITION OF TERMS

Appraisal – A written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

Business - Any lawful activity, except a farm operation, conducted primarily for (1) the purchase, sale, lease, and rental of personal and real property, and for the manufacture, processing, or marketing of products, commodities, or any other personal property; (2) for the sale of services to the public; (3) by a nonprofit organization; or (4) solely for the purpose of assisting in the purchase, sale, resale, manufacture, processing or marketing of products, commodities, personal property, or services by the erection and maintenance of an outdoor advertising display or displays, whether or not such display or displays are located on the premises on which any of the above activities are conducted.

Condemnation - The process by which property is acquired for public purposes through legal proceedings under the power of eminent domain.

Fair Market Value - The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. (California Code of Civil Procedure 1263.320).

Goodwill Value - Within the meaning of this procedure, "goodwill" consists of the benefits that accrue to a business because of its location, reputation for dependability, skill, or quality, and any other circumstances resulting in probable retention of old or acquisition of new patronage.

Initiation of Negotiations - The date the City furnishes a written offer to purchase the real property to the property owner or his or her representative.

Inverse Condemnation - A legal process that may be initiated by a property owner to compel the payment of Just Compensation where the property has been damaged or taken for a public purpose.

Just Compensation - The measure of Just Compensation is the fair market value of the property taken. (Code of Civil Procedure, Section 1263.310)

Person – Any individual, partnership, corporation, or association

Leasehold Interest - A Tenant's right of possession and use of real property under the terms of a lease.

Uneconomic Remnant - A parcel of real property in which the owner is left with an interest after the partial acquisition of the owner's property, and which has been determined to have little or no value or utility to the owner.

4.0 RESPONSIBILITIES

The Right-of-Way Team ("**ROW Team**") is responsible for the timely acquisition of right-of-way required for the Inglewood Transit Connector Project including fee acquisitions, easements, and other ownership interests. The ROW Team coordinates and serves as a liaison between the City and attorneys retained to represent the City in condemnation cases. The ROW Team specifically ensures that federal, state, and local statutory requirements for acquisition are complied with; represents the City in making offers for property acquisitions and negotiates terms of such acquisitions; maintains accurate records; prepares periodic special reports, or correspondence regarding acquisition activities, and provides advice to Management with respect to acquisition functions and activities.

ROW Director: shall direct the overall acquisition process and assure that real property is acquired in accordance with federal, state, local, and City regulations.

ROW Coordinator: will provide administrative support relating to consultant coordination, document management, and financial processing.

ROW Advisor: responsible for providing strategic guidance and assistance to the ROW Team on an as-needed basis.

ROW Legal Counsel: shall serve as a supporting member of the ROW Team for legal advisory services relating to acquisitions and eminent domain matters.

Real Estate Services Consultants: will provide appraisal, acquisition, relocation, and environmental investigation services to assist the ROW Team to complete the proper acquisition of real estate and relocation of businesses in accordance with federal and state law and applicable policies.