

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

Agenda Item No. 1

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

January 26, 2023

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA, 90012

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND PURCHASE
1703 E. 107th STREET FOR THE DEPARTMENT OF CULTURAL AFFAIRS**

On behalf of the Department of Cultural Affairs (DCA), the Department of General Services (GSD) requests authorization to negotiate and execute a Purchase and Sale Agreement (PSA) and related documents to acquire the property located at 1703 E. 107th Street, APN: 6065-034-019, (collectively, "Property") (Exhibit "A"). DCA intends to use this property to expand the Watts Tower Art Center Campus and serve as the Watts Towers Conservation Office.

BACKGROUND

At the request of City Council (C.F. 21-1038), GSD obtained a Class A appraisal and performed other due diligence work for the acquisition of this Property. The privately-owned property contains a land area of approximately 6,250 square feet (sf) and is improved with a 542 square foot single family residence which is currently vacant. Once acquired, DCA will begin preparations to renovate the property and add it to the Watts Tower Art Center Campus; thereby, expanding and enhancing community programming by providing educational, arts and cultural opportunities to the local community and South Los Angeles region.

APPRAISAL

The Property's October 15, 2021 appraised fair market value is within the estimated comparable range of \$333,900 and \$365,000. The appraised value of the property assumes there is no contamination or adverse conditions affecting the value (see Exhibit



“B”). The Property was appraised by R.P. Laurin & Associates, the City’s appraisal consultant, and reviewed by Pacific Real Estate Consultants on October 27, 2021 (see Exhibit “C”). The Property is not publicly available on the market; however, the owners have signed a Letter of Intent with the City for a sale price of \$360,000 which is within the appraised comparable range.

ENVIRONMENTAL

GSD had requested the Bureau of Engineering’s Environmental Management Group to review the proposed project and provide an environmental clearance. The seller will be required to provide a residential environmental hazards report. The City will conduct a Phase I, environmental study and if required, the City may negotiate for the seller to assume all remediation costs.

Site Acquisition, minor improvements, and use of the property for the Watts Towers Arts Center Campus, and California Environmental Quality Act (CEQA) exemption determinations that the project is categorically exempt pursuant to State CEQA Guidelines Article 19, Section 15301, Class 1; 15304, Class 4; Section 15325, Class 25; and Section 15331, Class 31 (see Exhibit “D”). Additionally, the project is exempt pursuant to Los Angeles CEQA Guidelines Article III, Section 1, Class 1, and Class 4(6).

FISCAL IMPACT

Funds totaling \$400,000 (located in Fund 209/88/88WAJX) have been identified in the First CPR, C.F. 22-0847 for the purchase price, the Phase I study and all related costs necessary to acquire the property. Utilities for this site will be transferred into the City’s name.

Funding in the amount of \$26,541 will be needed to fence the property while it is vacant and until programming is established by DCA. The funding source is Fund 480/30/30N244, Landscaping and Misc. Account.

Maintenance costs for this property is estimated at \$9,607.40 annually, and is being requested for both the Fiscal Years 2022-23 and 2023-24. Any ongoing funding to maintain this property will be requested in subsequent years through the annual budget process.

DCA will be seeking funds for improvements to be made via the Fiscal Year 2023-24 budget process. The improvements are then anticipated to be completed within the 2023-24 fiscal year.

RECOMMENDATION

That the Los Angeles City Council

1. AUTHORIZE the Department of General Services, with the assistance of the City Attorney, to negotiate and execute a Purchase and Sale Agreement and all documents necessary to effectuate the acquisition of the Property located at 1703 E. 107th Street, APN 6065-034-019.
2. AUTHORIZE up to \$400,000 from fund 209/88/88WAJX to be transferred to 100/40/003040, Contractual Services, for the purchase price, and all expenses related to acquisition of the Property.
3. AUTHORIZE up to \$26,541.00 from fund 480/30/30N244 for fencing the property after purchase, while the property is vacant and programming is initiated at the site.
4. AUTHORIZE up to \$9,607.40 from fund 480/30/30W140 for the Department of General Services Building Maintenance Division to maintain this property annually.
5. DETERMINE that, the acquisition, minor improvements, and use of the property for office space for the Watts Towers Arts Center Campus is categorically exempt from CEQA pursuant to State CEQA Guidelines Article 19, Section 15301, Class 1, Existing Facilities; Section 15304 (f), Class 4, Minor Alterations to Land; Section 15325, Class 25, Transfers of Ownership in Land to Preserve Existing Historical Resources; and Section 15331, Class 31, Historical Resources Restoration. Additionally, the project is exempt pursuant to Los Angeles CEQA Guidelines Article III, Section 1, Class 1, Existing Facilities; and Class 4, Minor Alterations to Land, Category 6, Temporary uses of land.



Tony M. Royster
General Manager

Attachments: Exhibit "A" - Legal Description
Exhibit "B" - Appraisal by R.P. Laurin & Associates
Exhibit "C" - Appraisal Review by Pacific Real Estate Consultants
Exhibit "D" - CEQA Notice of Exemption

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lots 400 and 401 of Farris Tract, in the City of Los Angeles, County of Los Angeles, State of California, as per Map recorded in [Book 6 Page 132](#) of Maps, in the Office of the County Recorder of said County.

[APN: 6065-034-019](#)

EXHIBIT "B"

APPRAISAL REPORT

PICHARDO TRUST OWNERSHIP
SINGLE FAMILY RESIDENCE
1703 EAST 107TH STREET
LOS ANGELES, CALIFORNIA 90002
APN: 6065-034-019



R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

PICHARDO TRUST OWNERSHIP
SINGLE FAMILY RESIDENCE
1703 EAST 107TH STREET
LOS ANGELES, CALIFORNIA 90002
APN: 6065-034-019

Effective Date
of
Market Value Study
October 15, 2021

Prepared for
CITY OF LOS ANGELES
111 East First Street, Room 201
Los Angeles, California 90012

Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
October 27, 2021

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED

October 27, 2021

City of Los Angeles
111 East First Street, Room 201
Los Angeles, California 90012

Attention: Mr. Armando Parra
Senior Real Estate Officer

Subject: Pichardo Trust Ownership
Single Family Residence
1703 East 107th Street
Los Angeles, California 90002
APN: 6065-034-019



3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CALIFORNIA 90807
TELEPHONE (562) 426-0477
FACSIMILE (562) 988-2927
RPLA@RPLAURAIN.COM

In accordance with your request and authorization, we have personally appraised the above-referenced property as of a current date. The appraisal study included (1) an inspection of the subject property, (2) a review of market data in the subject market area, and (3) a valuation analysis.

The subject property is located at the northeast corner of East 107th Street and Graham Avenue, in the City of Los Angeles. The site has a rectangular land configuration, effectively level topography, and contains 6,250 square feet of land area. The subject property is located in the OS-1XL (open space) zone district of the City of Los Angeles.

The site is improved with a single family residence containing one bedroom, one 3/4 bathroom, and 542 square feet of living area. The dwelling was constructed in 1907 and is in overall fair-average condition. Other on-site improvements include paving, landscaping, fencing, etc. Refer to the accompanying report for additional details pertaining to the subject property.

The purpose of this appraisal report is to express an estimate of the fair market value of the subject property. After considering the factors which influence value, the fair market value of the fee simple interest in the subject property, as of October 15, 2021, is:

THREE HUNDRED FIFTY THOUSAND DOLLARS
\$350,000

City of Los Angeles
Attention: Mr. Armando Parra
Senior Real Estate Officer
October 27, 2021
Page 2

Extraordinary Assumptions:

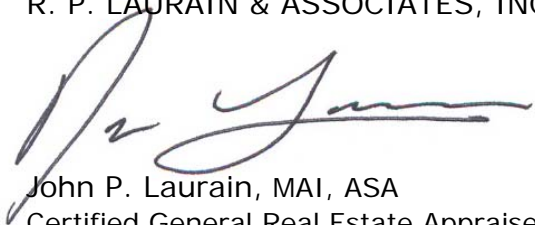
That the subject property is located in the OS-1XL (Open Space) zone designation, which zone district does not permit private single family residential development. The existing dwelling is considered to be a pre-existing legal non-conforming use which use could continue into the future. Further, it is assumed that the dwelling could reasonably be reconstructed if damaged by fire, natural disaster, or other uncontrolled circumstance, based on the existing building footprint. Likewise, the structure could be enlarged, assuming no additional dwelling unit or guest room is added. It is assumed that no building additions which include new guest rooms or dwelling units, construction of a second dwelling unit, or redevelopment of the site for private residential use would be permitted under the current zoning, regardless of any State requirements (such as SB-9 legislation, which allows SFR lots to be subdivided under certain circumstances), given the open space zone designation.

The foregoing value is subject to (1) the assumptions and limiting conditions set forth in the Preface Section, (2) the Extraordinary Assumptions, and (3) the valuation study in the Valuation Analysis Section. No portion of this report shall be amended or deleted.

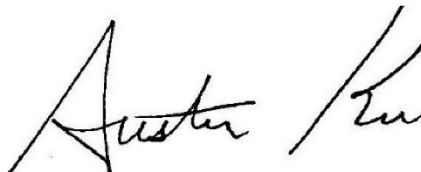
This appraisal complies with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a). If you require any additional information from our file, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754



Austin S. Ku
Trainee Appraiser
BREA Identification No. 3007399

JPL:jlr

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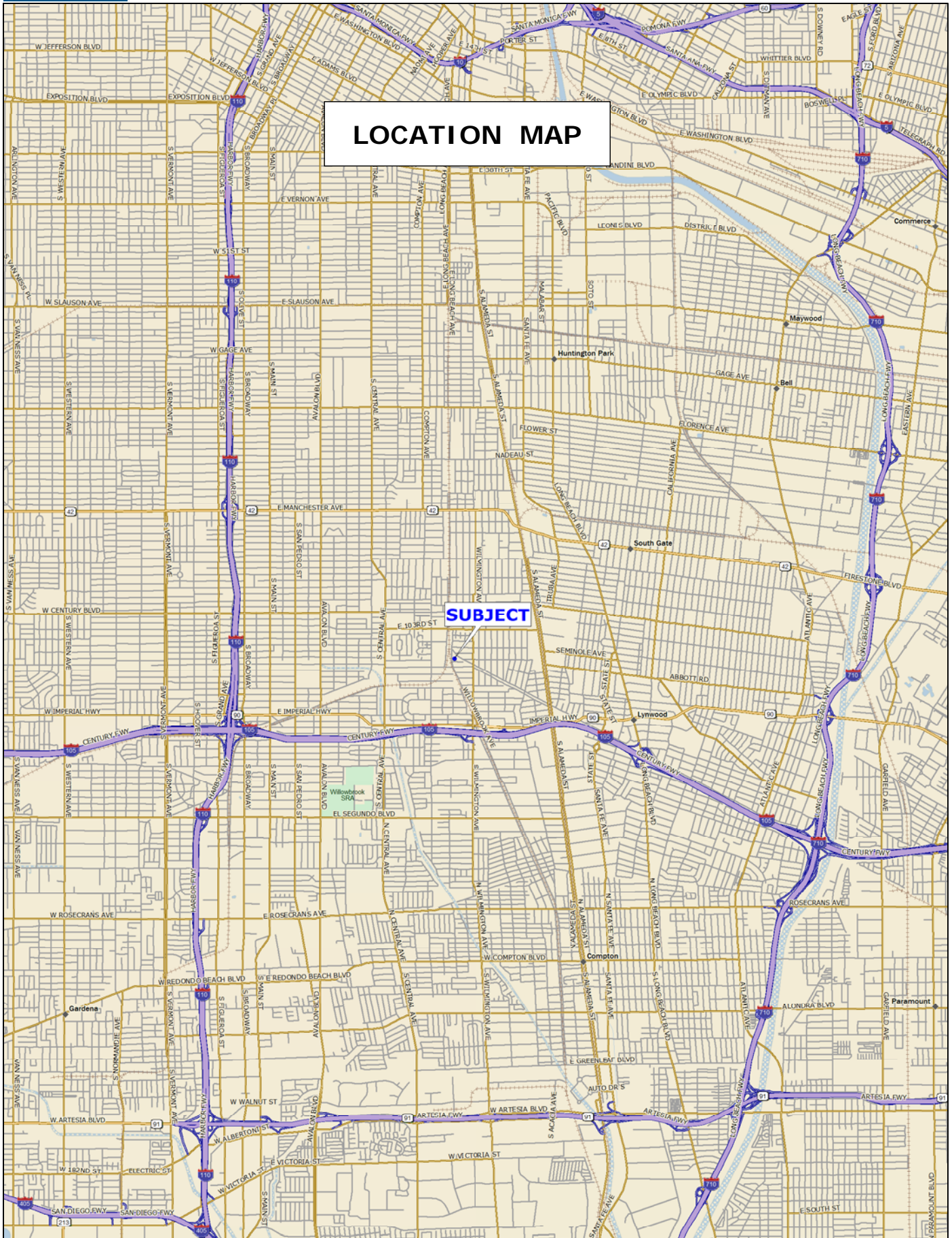
MARKET DATA

Summary of Single Family Residential Sale Properties
Sales Data and Photographs
Market Data Map

ADDENDA

Additional Photographs
Los Angeles Regional Data
Qualifications of Appraisers

PREFACE



LOCATION MAP

SUBJECT

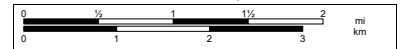
Data use subject to license.

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www.delorme.com



Scale 1 : 81,250



1" = 1.28 mi

Data Zoom 12-0

DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, is based on October 15, 2021. Said date is concurrent with the inspection of the subject property.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of the fair market value of the fee simple interest in the subject property, absent any liens, leases, or other monetary encumbrances, as of the date of value set forth above.

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the subject property, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

In addition, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the fee simple interest. Fee simple is defined as, "An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

CLIENT

The client for the subject appraisal assignment is the City of Los Angeles.

INTENDED USERS OF APPRAISAL

The intended users of this appraisal are the City of Los Angeles and specific representatives thereof.

INTENDED USE OF APPRAISAL

It is understood that this appraisal will be utilized by the intended users to establish the fair market value of the property appraised herein, for the possible full acquisition thereof.

CERTIFICATION

The undersigned does hereby certify that:

We have personally inspected the subject property; we have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, we have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

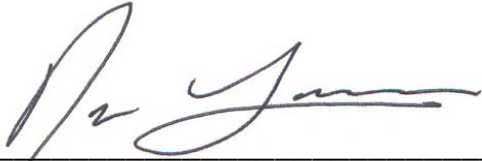
Our engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a predetermined or stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of our knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

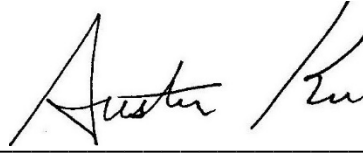
The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institutes, and the Uniform Standards of Professional Appraisal Practice. As of the date of this report, John P. Laurain has completed the continuing education program for Designated Members of the Appraisal Institute, as well as the State of California and the American Society of Appraisers. Austin S. Ku has completed the education requirements of the State of California for the Appraiser Trainee License. Note that duly authorized representatives of said organizations have the right to review this report. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

CERTIFICATION (Continued)

No one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. No other person provided significant professional assistance. We have not appraised or provided any other services pertaining to the subject property in the last three years.



John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date: April 16, 2023



Austin S. Ku
Trainee Appraiser
BREA Identification No. 3007399

SCOPE OF THE APPRAISAL

The appraiser(s), in connection with the following appraisal study, have:

1. Been retained, and has accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of fair market value. The subject property is particularly described in the following portion of this report in the section entitled Subject Property Description.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked within the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject site.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Has made, or caused to be made, plats and plot plan drawings of the subject property, and has checked such plats and plot plan drawings for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Has viewed, confirmed the sale price, and obtained certain other information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the subject property, as of the date of value expressed herein, by application of the Sales Comparison; the Income Capitalization and Cost Approaches were not considered applicable in the subject case.
16. Prepared and delivered this appraisal report in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 17, inclusive:

1. That this narrative Appraisal Report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a), for an Appraisal Report. The information contained in this appraisal report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraisers assume there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraiser assumes no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report of the subject property was provided to the appraisers; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraisers.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no report(s) pertaining to mold, organic toxins, or chemical substances at the subject property was provided to the appraiser; therefore, information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed by the appraisers for such matters. That unless otherwise stated herein, the subject property has been appraised assuming the absence of mold, organic toxins, the presence of asbestos, or other organic and/or chemical substances which may adversely affect the value of the subject property.
7. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
8. That no oil rights have been included in the opinion of value expressed herein. Further, that oil rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
9. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
10. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.
11. That the appraisers have conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the property, and/or (3) governmental

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

restrictions and regulations, which would increase or decrease the value of the subject property, the appraisers reserve the right to amend the final estimate of value.

12. That the appraisers, by reason of this appraisal, are not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
13. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
14. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
15. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraiser, particularly with regard to the valuation of the property appraised and the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
16. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of John P. Laurain.
17. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

EXTRAORDINARY ASSUMPTIONS

That the subject property is located in the OS-1XL (Open Space) zone designation, which zone district does not permit private single family residential development. The existing dwelling is considered to be a pre-existing legal non-conforming use which use could continue into the future. Further, it is assumed that the dwelling could reasonably be reconstructed if damaged by fire, natural disaster, or other uncontrolled circumstance, based on the existing building footprint. Likewise, the structure could be enlarged, assuming no additional dwelling unit or guest room is added. It is assumed that no building additions which include new guest rooms or dwelling units, construction of a second dwelling unit, or redevelopment of the site for private residential use would be permitted under the current zoning, regardless of any State requirements (such as SB-9 legislation, which allows SFR lots to be subdivided under certain circumstances), given the open space zone designation.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

The highest price, estimated in terms of money, which would be paid by a willing buyer to a willing seller, allowing sufficient reasonable time to find a buyer, both buyer and seller acting without duress and both being fully advised as to the purposes to which the property can be best used. Market Value is estimated as of the date of valuation set forth in the appraisal.

The California Code of Civil Procedure, S1263.320, states: "(A) 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.

"(B) The fair market value of property taken for which there is no relevant market is its value on the date of valuation as determined by any method of valuation that is just and equitable."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject properties. Recent comparable sales are the basis for the Sales Comparison Approach.

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

TERMS AND DEFINITIONS (Continued)

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY DESCRIPTION

SUBJECT PROPERTY



View looking northerly at the subject property from 107th Street.
See additional photographs in the Addenda Section.

APPARENT VESTEE: Saul G. Pichardo and Margarita Pichardo,
Trustees of the Saul G. Pichardo and Margarita
Pichardo Joint Living Trust, Dated May 16,
2007

PROPERTY ADDRESS: 1703 East 107th Street
Los Angeles, California 90002

LEGAL DESCRIPTION: Lot 400 and 401 of the Farris Tract, City of Los
Angeles, County of Los Angeles, State of
California, per map recorded in Book 6, Page
132 of Maps, in the office of the County
Recorder of said county.

SITE DESCRIPTION

| | |
|---------------------|---|
| LOCATION: | Northeast corner of East 107th Street and Graham Avenue, in the City of Los Angeles. |
| LAND SHAPE: | Rectangular land configuration; refer to the Assessor's mapping and aerial photograph on the following pages. |
| DIMENSIONS: | 50' x 125'. |
| LAND AREA: | 6,250 square feet. |
| TOPOGRAPHY: | Effectively level. |
| DRAINAGE: | Appears to be adequate; no major depressions or low areas were noted within the boundaries of the subject property which would cause a water ponding condition during the rainy season. |
| FLOOD HAZARD: | Per Flood Zone Map Number 06037C1805F, dated September 26, 2008, the subject site is located in Flood Zone X, an area with reduced flood risk due to levee. Flood insurance (for improved properties) is not federally required by lenders for loans on properties in Flood Zone X. |
| SOIL STABILITY: | Appears to be adequate based upon the existing development and developments in the immediate area. A soils report, however, was not provided for review. |
| SOIL CONTAMINATION: | None known or observed, however, a soils study was not provided for review. The subject property has been appraised as though free of soil contaminants and toxics. |
| FRONTAGE/ACCESS: | The subject property has 50 feet of frontage on East 107th Street and 125 feet of frontage on Graham Avenue. |
| RIGHT OF WAY WIDTH: | 107th Street: 40 feet Graham Avenue: 60 feet |

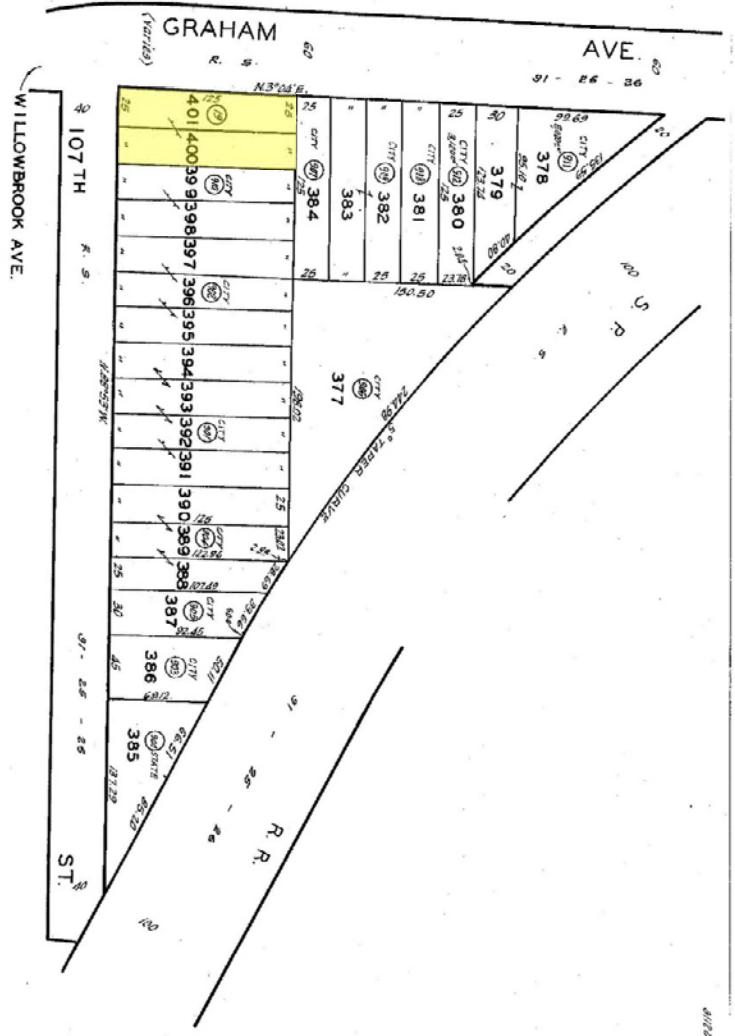
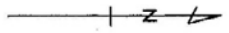
APN: 6065-034-019

6065 34
SCALE 1" = 50'

2008

FOR PREV. ASMT. SEE:
6065-34

CODE
6650



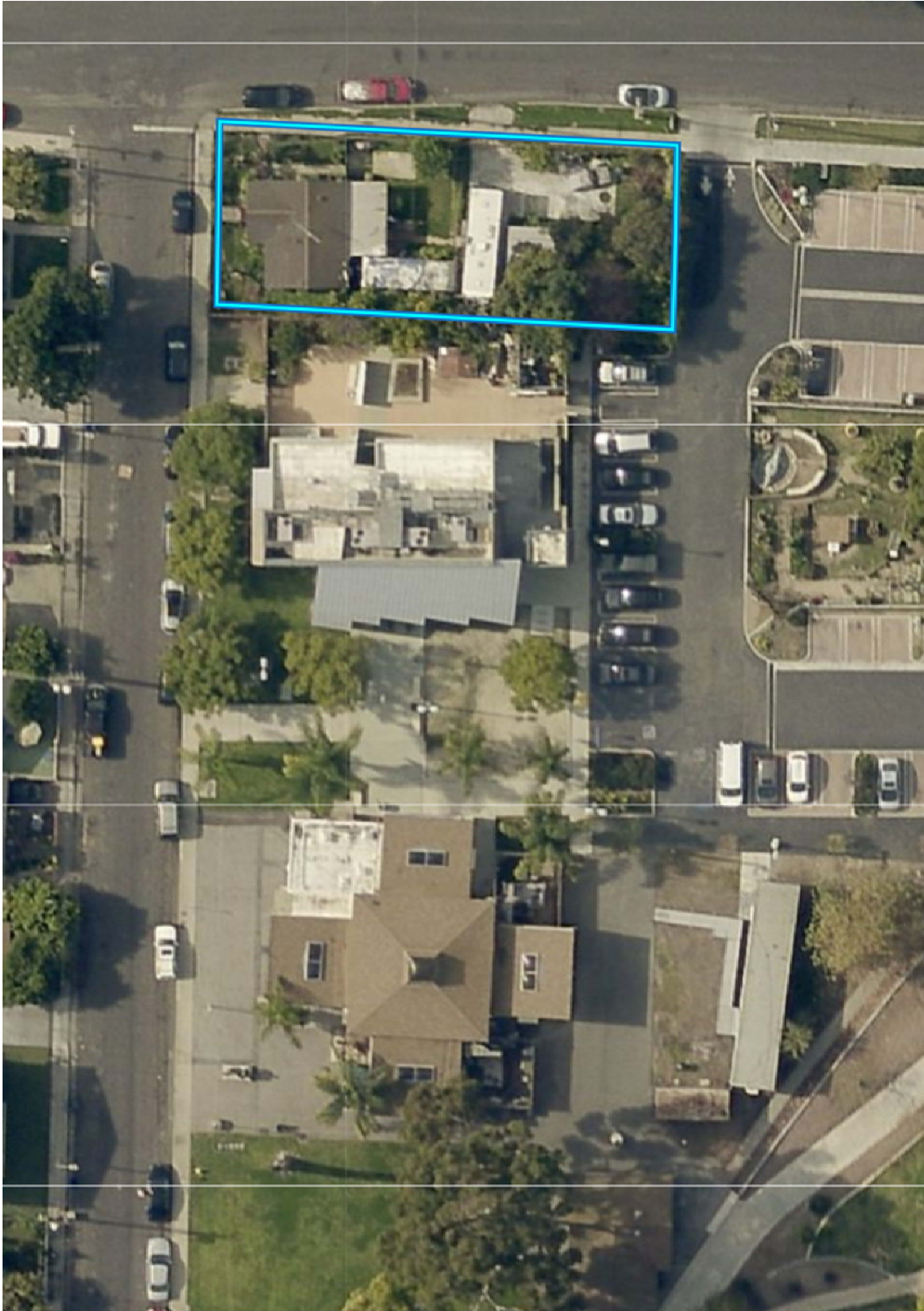
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ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

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R. P. LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS



R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

SITE DESCRIPTION (Continued)

STREET TYPE: East 107th Street and Graham Avenue are asphalt-paved secondary streets having two traffic lanes (one in each direction).

CURB, GUTTER, SIDEWALK: Concrete curbs, gutters, and sidewalks (each side of each street).

STREETLIGHTS: Mounted on utility poles.

PUBLIC UTILITIES: Water, gas, electric power, telephone service, and sanitary sewer are available at the subject site.

ENCROACHMENTS: None apparent.

EASEMENTS: A Preliminary Title Report was not provided for review. Easements, if any, are assumed to be located along the property boundaries, not interfering with the existing or a future highest and best use development of the subject property. It is assumed there are no "blanket" or other easements that would otherwise preclude a highest and best use development of this site.

ILLEGAL USES: None observed.

EARTHQUAKE FAULT: The subject site is not located within an earthquake fault study zone. No seismic or geological studies have been provided for review. No responsibility is assumed for the possible impact on the subject property of seismic activity and/or earthquakes.

PRESENT USE: Single family residential use.

ZONING: The subject property is located in the OS-1XL (open space) zone district of the City of Los Angeles. The City of Los Angeles zoning code indicates the OS zone district allows park/recreations uses, nature reserves, closed landfill sites, and water supply reservoirs.

SITE DESCRIPTION (Continued)

ZONING (continued): Additionally, for public uses, "no building, structure, or land shall be used and no building or structure shall be erected, moved on to the site, structurally altered, enlarged or maintained," except for the previously stated purposes. The subject dwelling represents a pre-existing, legal nonconforming use, as presently improved with a single family residence. As such, the development of additional units or rooms would generally be prohibited, however, the non-conforming use can continue into the future, and the existing dwelling can be maintained, renovated, etc.

HIGHEST AND BEST USE: The reader is referred to the first portion of the Valuation Analysis Section for a discussion regarding the highest and best use of the subject property.

BUILDING IMPROVEMENTS

TYPE OF STRUCTURE: Single family residence.

NO. OF STORIES: One story.

BUILDING SIZE: 542 square feet, per appraisers' measurements.

YEAR BUILT: Originally constructed in 1907.

CONSTRUCTION QUALITY: Average quality, Class D (wood frame) construction.

FOUNDATION: Concrete slab foundation.

EXTERIOR WALLS: Horizontal wood lap and vinyl siding over wood framing.

ROOF SURFACING: Asphalt shingle roof.

FLOORS: Sheet vinyl and vinyl tile floor coverings.

BUILDING IMPROVEMENTS (Continued)

INTERIOR WALLS: Painted drywall and wood paneling interior walls.

CEILINGS: Painted drywall and acoustic panel ceilings.

DOORS: Wood frame and panel entry doors with a security screen; double flush hollow core sliding interior doors.

WINDOWS: Aluminum frame sliding windows.

ELECTRICAL: Conventional electrical system.

PLUMBING: Conventional plumbing system; one ¾ bathroom (toilet, sink, and shower).

HEATING AND COOLING: Floor furnace; no cooling.

KITCHEN FEATURES: Kitchen features include vinyl tile flooring, Formica countertops, wood cabinets, a slide-in oven and range, and a hood and vent fan.

FLOOR PLAN: The subject dwelling includes one bedroom, one ¾ bathroom, living room, and a kitchen.

CONDITION: Overall condition is rated fair-average.

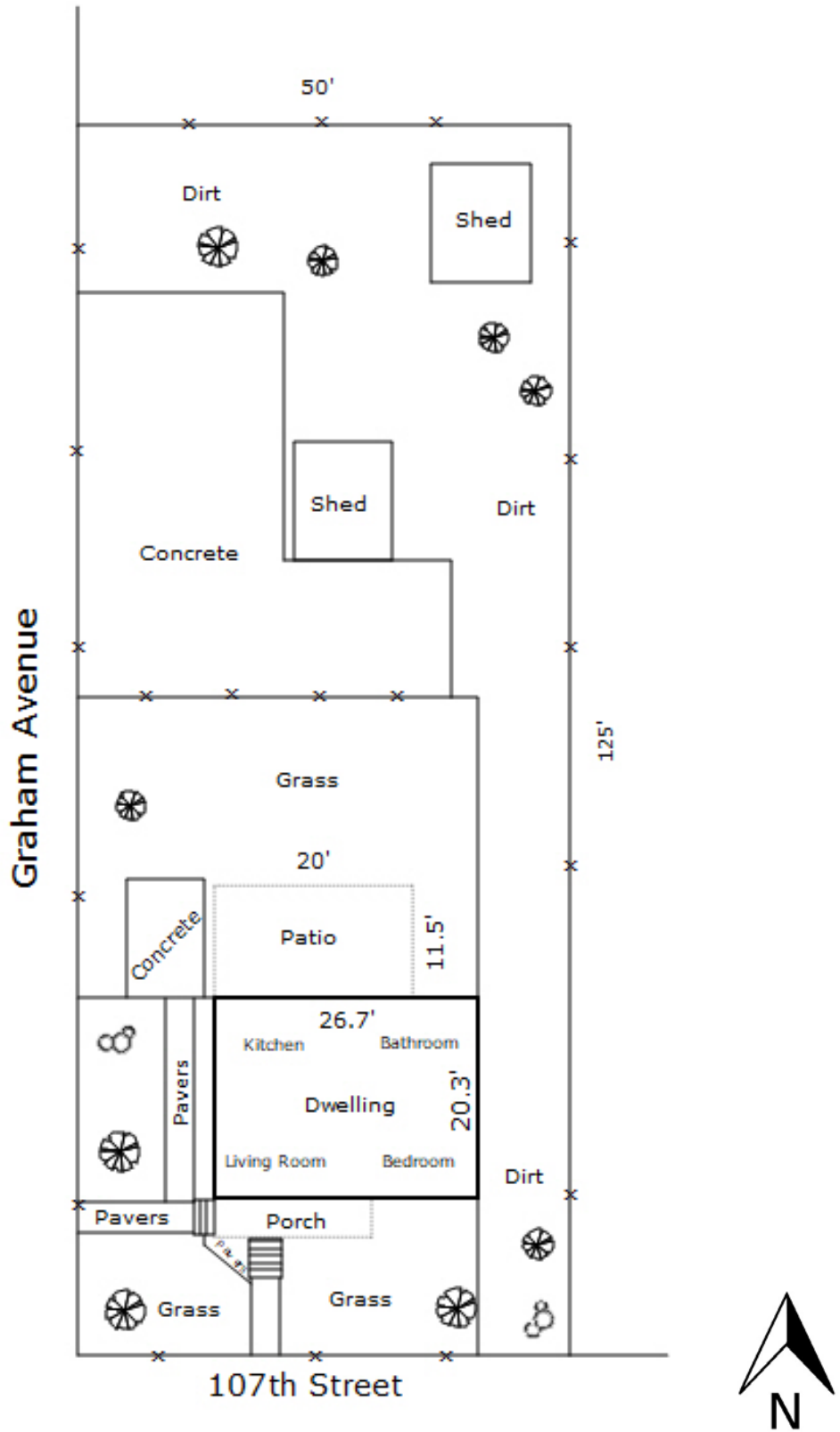
OTHER IMPROVEMENTS

PATIO: Wood and aluminum frame cover patio at rear portion of the dwelling, 230 square feet.

PAVING: Concrete paving at the rear (north) portion of site utilized as a parking area; concrete pavers at front (south) portion of the site.

FENCING: Wrought iron, concrete block, and chain-link fencing.

OTHER: Two wood frame on concrete slab, 120± square feet each, grass, shrubbery, deciduous trees, and various fruit tree landscaping.



R. P. LAURAIN
 & ASSOCIATES
 APPRAISERS - ANALYSTS

OWNERSHIP HISTORY

COMMENT: Per Los Angeles County Assessor records, the subject property has been vested with the current owner for more than five years. Due to the date of acquisition, the original purchase price is not considered relevant to current market value.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 6065-034-019

ASSESSED VALUATIONS: Land: \$10,163
Improvements: \$ 7,219
Total: \$17,382

TAX CODE AREA: 6650

TAX YEAR: 2021-2022

REAL ESTATE TAXES: \$517.57*

OWNER NOTIFICATION

COMMENT: The property owner was advised of the entitlement to accompany the appraiser at the time of the appraisal inspection. Contact was made with the property owner, via telephone. The inspection was conducted on October 15, 2021, by John P. Laurain and Austin Ku, in the presence of the property owner.

*Real estate taxes will be applied to the subject property in the event it is sold to a private party or private corporation. The real estate tax burden will be 1.175208% of the cash value assigned by the Los Angeles County Assessor. The maximum annual tax increase is 2% per the Tax Initiative of 1978 (Proposition 13).

NEIGHBORHOOD ENVIRONMENT

LOCATION: The subject property is located in the Watts neighborhood of the City of Los Angeles. Neighboring and nearby communities include the Cities of Compton, Lynwood, South Gate, Huntington Park, and Gardena.

PRIMARY STREETS: Primary north-south thoroughfares in the subject area include Wilmington Avenue, Compton Avenue, Central Avenue, and Alameda Street. Primary east-west thoroughfares include Imperial Highway, El Segundo Boulevard, Century Boulevard, and Manchester Avenue.

FREEWAYS: The subject property is located approximately 2 ¼ miles east of the Harbor (110) Freeway, and one mile north of the Century (105) Freeway. Said freeways are part of the freeway network serving the greater Southern California region.

LAND USES: Land uses in the immediate subject neighborhood include primarily single family residential uses, along with certain public uses (Watts Towers Arts Center). Land uses along Grandee Avenue, located one block west of site, include public uses (public schools). Land uses, located immediate south of the subject site, consist of single family residential developments.

BUILD-UP: The subject neighborhood is approximately 98%± built-up, including parking lots (both public and private), public and quasi-public facilities, schools, parks, etc.

OCCUPANCY:

| | |
|----------------------|-----------------------------|
| Single family (SFR): | 85±% owners 15±% tenants |
| Low Density MFR: | 25±% owners 75±% tenants |
| High Density MFR: | 1±% owners 99±% tenants |

NEIGHBORHOOD ENVIRONMENT (Continued)

OCCUPANCY: (Continued)

| | |
|-------------|--------------|
| Commercial: | 25±% owners |
| | 75±% tenants |
| Industrial: | 35±% owners |
| | 65±% tenants |

AGE RANGE: The age range of all types of improved properties in the subject neighborhood is rather broad. Generally, the age range is between 10 years to exceeding 80 years. Typical buildings have effective ages of approximately 20 years to 40 years.

MEDIAN HOME PRICE: Per Zillow, as of September 30, 2021, the median home price in the City of Los Angeles, in the Watts neighborhood, is \$518,616.

RESIDENTIAL TREND: There was an upward value trend affecting residential properties in the subject market area, from 2001 through the mid portion of 2006, after which property values generally stabilized.

Beginning in 2007, residential property values in the subject market began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, as well as a lack of available financing.

In the first portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits. The residential real estate market remained largely flat (level) through the mid portion of 2012.

Residential property values in the greater subject market area began to increase in the first part of 2013, due largely to the continued availability of relatively low mortgage interest rates. Said price increases have continued through the present time.

NEIGHBORHOOD ENVIRONMENT (Continued)

COMMERCIAL TREND: Real estate trends affecting commercial properties (as well as industrial properties) in the subject market area experienced an upward value trend from 2002 through the first portion of 2007, after which property values generally stabilized.

In the first portion of 2008, the commercial and industrial real estate market began to experience a dramatic decrease in price levels and development activity, which decrease continued through the latter portion of 2009.

Commercial and industrial property values in the subject market generally stabilized in the early portion of 2010 and remained generally stable (level) for 18 to 24 months.

In the mid portion of 2012, the number of commercial and industrial property sale transactions began to increase, leading to property price increases, beginning in the first portion of 2013. Commercial property values continued to increase through the latter portion of 2019 after which, it appears the commercial market has stabilized, due primarily to the COVID-19 pandemic.

Note that industrial property values continue to increase through the present time, due to the strong demand for industrial warehouse space (both for lease and for sale), which demand continues to outpace existing available supply, in the greater subject market area.

OTHER: The City of Los Angeles provides both fire and police protection.

Refer to the Los Angeles Regional Data in the Addenda Section.

See Valuation Analysis in the following section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this appraisal is to estimate the fair market value of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

The 14th Edition of The Appraisal of Real Estate, by the Appraisal Institute, defines highest and best use on Page 332, as follows:

"The reasonably probable use of property that results in the highest value."

In the analysis of which uses are reasonably probable, three criteria are applied in the following order to develop adequate support for the determination of highest and best use:

1. Physically possible
2. Legally permissible
3. Financially feasible

These criteria are generally considered sequentially; however, the tests of physical possibility and legal permissibility can be applied in either order, but they must both be applied before the test of financial feasibility. Uses that meet all three criteria of being reasonably probable are then tested for economic productivity, to identify the maximally productive use. The reasonably probable use with the highest value (i.e. maximally productive) is the highest and best use.

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

Conclusion:

The subject property has a rectangular land configuration, effectively level topography, and contains 6,250 square feet of land area. The site has a corner location on two secondary streets. All public utilities including water, gas, electric power, sanitary sewer, and telephone are available to the site. The physical characteristics of the subject parcel are considered adequate to accommodate legally permissible uses.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

The immediate subject neighborhood consists of older single family residential developments as well as public uses.

The subject property is located in the OS-1XL zone district of the City of Los Angeles; the General Plan land use designation is also Open Space. The City of Los Angeles zoning code indicates the OS zone district allows park/recreations uses, nature reserves, closed landfill sites, and water supply reservoirs. Additionally, for public uses, "no building, structure, or land shall be used and no building or structure shall be erected, moved on to the site, structurally altered, enlarged or maintained," except for the previously stated purposes.

After considering (1) the permitted uses within the open space zoning and General Plan land use designation, and (2) the non-utilitarian nature and limited development potential of the subject site, as a vacant land parcel, the highest and best use of the subject property, as if vacant, is open space use.

The site is improved with a single family residence containing one bedroom, one 3/4 bathroom, and 542 square feet of living area; the dwelling was constructed in 1907 and is in overall fair-average condition. Other on-site improvements include covered patio, landscaping, fencing, etc. The subject property, as presently improved represents a pre-existing, legal nonconforming use. The estimated depreciation is approximately 50%, or more, however, the dwelling can be maintained and renovated to extend the life of the improvements. Further, while the non-conforming use precludes the development of additional units or guest rooms, the dwelling can be maintained, or even enlarged, under the pre-existing status.

Based on the foregoing, the functional utility of the subject property, as presently improved and utilized as a single family residential development, is rated fair given the existing open space zoning and inability to construct additional dwelling units, or to add a guest room.

Based on an analysis of the various sale properties employed herein and after considering the physical characteristics of the subject property (land and improvements), as well as those uses which are legally permissible financially and feasible, the maximally productive use, and therefore the highest and best use of the subject property, as presently improved, is continued single family residential use, until such time as the existing improvements become physically and/or functionally obsolete. The subject property, as presently improved, has been appraised accordingly.

VALUATION ANALYSIS (Continued)

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost Approach, and Income Approach. The reader is referred to the last portion of the Preface Section, following the heading "Terms and Definitions," for a description of each approach to value.

The Sales Comparison Approach is the only approach considered applicable as a reliable indicator of value. The Cost Approach is not applicable due to the age of the building improvements and resultant difficulty in accurately estimating accrued depreciation. The Income Approach has not been applied inasmuch as the subject property would not typically be purchased as an income producing or investment-type property.

SALES COMPARISON APPROACH:

In the Sales Comparison Approach, the value of a property is estimated by comparing it with similar, recently sold properties in the surrounding or competing area. Inherent in this approach is the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set by the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution. Thus, the Sales Comparison Approach attempts to equate, in this case, the subject single family residential property with comparable single family residential sale properties by analyzing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation and analysis was conducted of comparable improved single family residential properties that have recently sold within the subject market area.

The reader is referred to the summary of Single Family Residential Sale Properties on the following page. The property at the bottom of the summary represents the subject property, which is included in the summary to help the reader see the various characteristics of the subject property, as compared to the comparable sale properties; the date and sale price of the subject property represent the date of value utilized herein and the value conclusion of the subject property.

SINGLE FAMILY RESIDENTIAL SALE PROPERTIES:

| <u>Data</u> | <u>Sale Date</u> <u>Address</u> | <u>Land</u> <u>Area</u> | <u>Dwelling</u> <u>Size</u> | <u>Bed-</u> <u>rooms</u> | <u>Bath-</u> <u>rooms</u> | <u>Built</u> | <u>Garage</u> | <u>Sale Price</u> | <u>\$/SF Land</u> <u>\$/SF Bldg.</u> |
|-------------|--|----------------------------|--------------------------------|-----------------------------|------------------------------|--------------|-------------------|-------------------|---|
| 1 | 6-21 1506 E. 98th St., Los Angeles | 2,970 sf | 638 sf | 2 | 1 | 1940 | 1-car detached | \$390,000 | \$131.31 \$611.29 |
| 2 | 6-21 415 E. Colden Ave., Los Angeles | 5,640 sf | 616 sf | 1 | 1 | 1938 | 1-car attached | \$315,000 | \$55.85 \$511.36 |
| 3 | 7-21 1915 E. 87th St., Los Angeles | 2,250 sf | 572 sf | 1 | 1 | 1940 | 1-car detached | \$259,000 | \$115.11 \$452.80 |
| 4 | 8-21 9551 Holmes Ave., Los Angeles | 2,250 sf | 556 sf | 2 | 1 | 1923 | none | \$392,000 | \$174.22 \$705.04 |
| 5 | 9-21 11212 Grape St., Los Angeles | 3,750 sf | 576 sf | 2 | 1 | 1949 | none | \$399,000 | \$106.40 \$692.71 |
| 6 | 10-21 10928 Anzac Ave., Los Angeles | 3,250 sf | 640 sf | 1 | 1 | 1921 | none | \$365,000 | \$112.31 \$570.31 |
| 7 | Offer 9807 Defiance Ave., Los Angeles | 3,362 sf | 624 sf | 1 | 1 | 1939 | 1-car detached | \$375,000 | \$111.54 \$600.96 |
| SP | 10-21 1703 E. 107th St., Los Angeles | 6,250 sf | 542 sf | 1 | 1 | 1907 | none | \$350,000 | \$56.00 \$645.76 |

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The dwellings range in size from 556 to 640 square feet and were built between 1921 and 1940; the properties have land parcels ranging in size from 2,250 to 5,640 square feet. The sales are set forth in chronological order and took place between June 2021 and October 2021; note that Data 7 is currently a listing, however, per an interview with the listing agent, there have been multiple offers at the list price. Information regarding the various sale properties was confirmed with agents, Multiple Listing Service, and/or public records.

The first adjustments applied to the sale properties, when warranted, are known as transactional adjustments. Said transactional adjustments are generally applied to the sale properties in the sequence listed below, and are made cumulatively (i.e. the base changes before applying the next adjustment). Following is the list of transactional adjustments.

- Property rights conveyed
- Financing (cash equivalency)
- Conditions of sale
- Expenditures after sale
- Market conditions

Property Rights Conveyed:

An adjustment for property rights conveyed is required when a sale transaction conveyed a different type of property rights (for example, leased fee estate vs. fee simple estate). None of the sale properties required an adjustment for property rights conveyed, as all of the sale properties effectively conveyed title to the fee simple interest in each property.

Financing and Cash Equivalency Adjustments:

Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases wherein the cash down payment is less than 10% of the purchase price, and the financing is other than conventional. The less than typical cash down payment, combined with other than conventional financing (i.e. seller financing), could influence a higher purchase price. The sale properties included cash down payments with conventional or FHA financing. A cash equivalency adjustment was not warranted for any of the sale properties.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Conditions of Sale:

An adjustment for conditions of sale is required when a property sold under atypical conditions, such as (1) a buyer or seller being under duress (REO transactions or other distressed sales), (2) a property selling as part of a bulk portfolio sale, (3) a developer paying a premium to acquire an adjacent property as part of assembling a larger development site, or (4) other similar situations where the motivation of a buyer or seller affects the price paid for a property.

Note, Data 2, per the listing agent, was occupied by an uncooperative tenant, who was unwilling to move at the time of sale. As such, Data 2 is rated inferior regarding conditions of sale. None of the comparable sale properties require additional adjustments for conditions of sale.

Expenditures after Sale:

An adjustment to a sale property is required when a buyer anticipates a particular expenditure that he/she will have to expend shortly after purchasing a property; the price paid by a knowledgeable buyer considers any required expenditures. Such expenditures include (1) the cost to demolish an existing structure when an improved site is purchased for redevelopment, (2) the cost to remediate known environmental contamination, (3) the cost to cure deferred maintenance at a building, or (4) similar costs that a buyer anticipates making upon purchase of a property. None of the sale properties required an adjustment for expenditures after sale.

Market Conditions:

Consideration of the market conditions (date of sale) is appropriate when certain sale properties occur during a rising or declining market. The consideration for market conditions is based upon observation of the real estate market and value appreciation/declining cycles dating back more than 15 years.

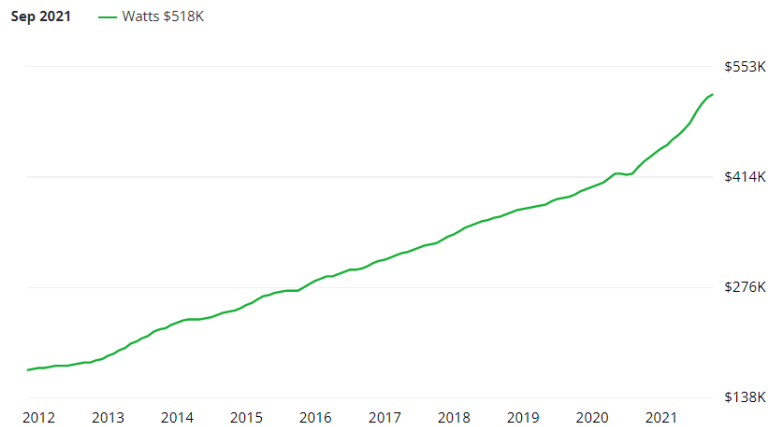
Residential real estate property values in the greater subject market area decreased dramatically in 2008 and 2009, due to the subprime credit and housing crisis. The residential real estate market stabilized in 2010, and remained largely flat (level) from 2010 through the first portion of 2012.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Beginning in the mid portion of 2012, residential real estate values began increasing, due in large part to availability of historically low mortgage interest rates. The rate of increase sharpened during the mid to latter portion of 2013, after which the rate of increase returned to a more “measured” rate. Said price increase continued through the latter portion of 2018, after which the rate of increase began to slow throughout 2019. Note, however, due to a lack of inventory in the greater Los Angeles area as well as low mortgage rates, the rate of increase sharpened at the beginning of 2021 and has continued through the present time.

Refer to the following graph, obtained from Zillow.com, which represents the median sale price of single family homes and condominiums in the City of Los Angeles, within the Watts neighborhood, over the past 10 years (October 2011 to September 2021).



The market conditions adjustments utilized herein are based on (1) the Zillow graph, (2) discussions with various market participants (brokers, property managers, etc.), (3) observations of local real estate market trends (sales activity, development activity, etc.), and (4) a review of sale prices and current asking prices at comparable properties in the immediate and general subject market area.

The adjustments applied to the sale properties for market conditions are based on the following schedule:

| | |
|------------------------|---------------------------------------|
| January-December 2019: | + 12.0% per year, or + 1.0% per month |
| January-December 2020: | + 12.0% per year, or + 1.0% per month |
| January-October 2021: | + 18.0% per year, or + 1.5% per month |

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Elements of Comparability:

After viewing all of the single family residential sale properties, an analysis was made of the various elements of comparability, as follows:

- Location
- Land size
- Year built
- Dwelling size
- Dwelling condition
- Highest and best use/zoning
- Number of bedrooms
- Number of bathrooms
- Garage
- Other improvements

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each sale property. The land size, dwelling size, dwelling condition, highest and best use/zoning, and garage were considered the most important factors when analyzing the various sale properties.

After all the elements of comparability between the subject property and the comparable sale properties were considered, the purchase price was the primary factor utilized in estimating the value of the subject single family residence. The purchase price per square foot of building area was utilized as a secondary check.

Improved Sales Comparison Analysis:

The reader is referred to the Market Analysis Comparison Grid on the following page, regarding the various elements of comparability of the subject property as compared to the various sale properties. The adjustments for comparability, excluding the transactional adjustments, are judgment estimates and are intended to be general in the process of equating the subject property with the various sale properties and varying elements of comparability.

IMPROVED SALES COMPARISON GRID

| | Data | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--------------------------------|--------------------|--------------|-------------------|--------------|--------------|--------------|-------------------|--------------|
| | Subject | | | | | | | |
| Sale price: | ----- | \$390,000 | \$315,000 | \$259,000 | \$392,000 | \$399,000 | \$365,000 | \$375,000 |
| Rate per sf building: | ----- | \$611.29 | \$511.36 | \$452.80 | \$705.04 | \$692.71 | \$570.31 | \$600.96 |
| Transactional adjustments: | | | | | | | | |
| Property rights conveyed: | effect. fee simple | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Financing: | ----- | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Conditions of sale: | ----- | 0.0% | inferior | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Expenditures after sale: | ----- | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Date of sale: | 10-21 | 6-21 | 6-21 | 7-21 | 8-21 | 9-21 | 10-21 | Offer |
| Market conditions: | ----- | 6.0% | 6.0% | 4.5% | 3.0% | 1.5% | 0.0% | 0.0% |
| Adjusted sale price: | ----- | \$413,400 | \$333,900 | \$270,655 | \$403,760 | \$404,985 | \$365,000 | \$375,000 |
| Adjusted rate per sf building: | ----- | \$647.97 | \$542.04 | \$473.18 | \$726.19 | \$703.10 | \$570.31 | \$600.96 |
| Comparability adjustments: | Subject | | | | | | | |
| Location: | average | similar | similar | similar | similar | similar | similar | similar |
| Land size: | 6,250 sf | inferior | similar | inferior | inferior | inferior | inferior | inferior |
| Year built: | 1907 | similar | similar | similar | similar | similar | similar | similar |
| Dwelling size: | 542 sf | sl. superior | sl. superior | similar | similar | similar | sl. superior | sl. superior |
| Highest and best use/zoning: | SFR/open space | sl. superior | superior | sl. superior | sl. superior | sl. superior | sl. superior | superior |
| Dwelling condition: | fair-average | superior | inferior | similar | similar | superior | superior | similar |
| No. of bedrooms: | 1 Br | superior | similar | similar | superior | superior | similar | similar |
| No. of bathrooms: | 1 Ba | similar | similar | similar | similar | similar | similar | similar |
| Garage: | none | sl. superior | sl. superior | sl. superior | similar | superior | similar | sl. superior |
| Other improvements: | average | similar | similar | similar | similar | similar | similar | similar |
| | Data | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Overall comparability: | | far superior | slightly inferior | inferior | superior | superior | slightly superior | superior |

R. P. LAURAIN
 & ASSOCIATES
 APPRAISERS - ANALYSTS

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The subject property is located in the City of Los Angeles. All the sale properties are within the immediate subject area and are similar with respect to location.

The subject property contains 6,250 square feet of land area. Data 2, containing 5,640 square of land area, is considered similar with respect to land area. All the sale remaining sale properties, containing less than 4,000 square feet of land area, are deemed inferior accordingly.

The subject property contains 542 square feet of dwelling area. Data 1, 2, 6, and 7 have dwelling areas exceeding 616 square feet and are considered slightly superior with respect to dwelling size. All other sale properties are rated similar, regarding dwelling size.

The subject property is rated fair-average with respect to dwelling condition. Data 1 had certain renovations done prior to the sale, is in overall average-good condition, and is deemed superior with respect to dwelling condition. Data 5 and 6 are rated average regarding dwelling condition and are considered superior accordingly. Per the listing agent, Data 2 required a complete remodel due to an uncooperative tenant. As such, Data 2 is rated fair with respect to dwelling condition and is considered inferior accordingly. All other sales are considered similar regarding overall condition.

The subject property contains one bedroom. Data 1, 4, and 5 contain two bedrooms and is superior regarding number of bedrooms. The remaining sale properties are similar with respect to number of bedrooms.

The subject property contains one bathroom. All sale properties are similar with respect to number of bathrooms.

The subject property is located within the OS-1XL (open space) zone district and represents a pre-existing, legal, nonconforming use. Due to the existing zone district, the subject site could not support the development of additional units or added guest rooms, though enlargement of the dwelling would otherwise be permitted. Data 2 and 7 are located within residential zone districts and contain lots large enough to erect a new structure and/or to enlarge the existing structure. As such, Data 2 and 7 are considered superior with respect to highest and best use/zoning. The remaining sale properties are located within residential zone districts, however, there is limited land area to develop additional structures or enlarge the current structure. As such, the remaining sale properties are considered slightly superior accordingly.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The subject property does not contain a carport or garage but has adequate paved area at the rear of the site to accommodate three to four parking spaces, which is considered in the overall land size. Data 1, 2, 3, and 7 include a one car garage and have been deemed slightly superior with respect to parking type. Data 5 includes a two car garage and is considered superior regarding parking type. None of the other sales contain a carport or garage.

Qualitative adjustments were applied to the various sale properties for all the aforementioned elements of comparability, with the exception of location, year built and construction quality. Refer to the Market Analysis Comparison Grid for the various adjustments applied to the sale properties.

Refer to the following array, which sets forth the market conditions adjusted sale prices applicable to the various sale properties.

| <u>Data</u> | <u>Overall Comparability</u> | <u>Adjusted Sale Price</u> |
|----------------|------------------------------|----------------------------|
| 1 | far superior | \$413,400 |
| 5 | superior | \$404,985 |
| 4 | superior | \$403,760 |
| 7 | superior | \$375,000 |
| 6 | sl. superior | \$365,000 |
| Subject | - - - | \$350,000 |
| 2 | sl. inferior | \$333,900 |
| 3 | inferior | \$270,655 |

The overall purchase price is the primary method utilized by buyers and sellers of single family residences. The price per square foot of building area was also utilized as a secondary check. The sale properties, after adjusting for market conditions, have unit rates ranging from \$473.18.95 to \$726.19 per square foot of building area.

The indicated value of the subject property, based on the array analysis, is \$350,000, which equates to \$645.76 per square foot of building area. Said rate is at the middle of the range, which is considered appropriate, taking into consideration the size of the subject dwelling.

VALUATION ANALYSIS (Continued)

FINAL ESTIMATE OF VALUE:

Based on the foregoing appraisal, the fair market value of the fee simple interest in the subject property, as of October 15, 2021, is \$350,000.

MARKETING EXPOSURE:

The marketing exposure of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of market research for the subject valuation, interviews were conducted with certain parties involved in the transactions employed in the Sales Comparison Approach, and the marketing time of the sale properties were noted as ranging widely from under one week to just over two months (to enter escrow), with additional time typically allowed for due diligence and closing. Based on said interviews, and a review of the sales data, and considering the attributes of the subject property, the marketing exposure estimated for the subject property, assuming an aggressive and comprehensive marketing program, is approximately 1 to 3 months.

MARKET DATA

MARKET DATA SUMMARY

SINGLE FAMILY RESIDENTIAL SALE PROPERTIES:

| <u>Data</u> | <u>Sale Date</u> <u>Address</u> | <u>Land</u> <u>Area</u> | <u>Dwelling</u> <u>Size</u> | <u>Bed-</u> <u>rooms</u> | <u>Bath-</u> <u>rooms</u> | <u>Built</u> | <u>Garage</u> | <u>Sale Price</u> | <u>\$/SF Land</u> <u>\$/SF Bldg.</u> |
|-------------|--|----------------------------|--------------------------------|-----------------------------|------------------------------|--------------|-------------------|-------------------|---|
| 1 | 6-21 1506 E. 98th St., Los Angeles | 2,970 sf | 638 sf | 2 | 1 | 1940 | 1-car detached | \$390,000 | \$131.31 \$611.29 |
| 2 | 6-21 415 E. Colden Ave., Los Angeles | 5,640 sf | 616 sf | 1 | 1 | 1938 | 1-car attached | \$315,000 | \$55.85 \$511.36 |
| 3 | 7-21 1915 E. 87th St., Los Angeles | 2,250 sf | 572 sf | 1 | 1 | 1940 | 1-car detached | \$259,000 | \$115.11 \$452.80 |
| 4 | 8-21 9551 Holmes Ave., Los Angeles | 2,250 sf | 556 sf | 2 | 1 | 1923 | none | \$392,000 | \$174.22 \$705.04 |
| 5 | 9-21 11212 Grape St., Los Angeles | 3,750 sf | 576 sf | 2 | 1 | 1949 | 2-car detached | \$399,000 | \$106.40 \$692.71 |
| 6 | 10-21 10928 Anzac Ave., Los Angeles | 3,250 sf | 640 sf | 1 | 1 | 1921 | none | \$365,000 | \$112.31 \$570.31 |
| 7 | Offer 9807 Defiance Ave., Los Angeles | 3,362 sf | 624 sf | 1 | 1 | 1939 | 1-car detached | \$375,000 | \$111.54 \$600.96 |

MARKET DATA # 1

1506 East 98th Street
Los Angeles



| | | | |
|--------------------|--------------------------------------|-----------------------|----------------|
| GRANTOR: | Rafael E. Carballo | APN: | 6048-008-016 |
| GRANTEE: | Yaneli Galindo and Candy G. Bravo | LAND SIZE: | 2,970 sq.ft. |
| SALE DATE: | June 2, 2021 | DWELLING SIZE: | 638 sq.ft. |
| DOC. NO.: | 875836 | YEAR BUILT: | 1925 |
| SALE PRICE: | \$390,000 | CONDITION: | Average-good |
| TERMS: | \$382,936 conventional | GARAGE: | 1-car detached |

VALUE INDICATIONS: \$131.31 per SF land
\$611.29 per SF bldg.

MARKET DATA #2

415 East Colden Avenue
Los Angeles



| | | | |
|--------------------|------------------------------------|-----------------------|----------------|
| GRANTOR: | Dyson Bessie Living Trust | APN: | 6052-028-014 |
| GRANTEE: | Pheonix Realty Investments, LLC | LAND SIZE: | 5,640 sq.ft. |
| SALE DATE: | June 4, 2021 | DWELLING SIZE: | 616 sq.ft. |
| DOC. NO.: | 890121 | YEAR BUILT: | 1938 |
| SALE PRICE: | \$315,000 | CONDITION: | Fair |
| TERMS: | All cash | GARAGE: | 1-car attached |

VALUE INDICATIONS: \$55.85 per SF land
\$511.36 per SF bldg.

MARKET DATA #3

1915 East 87th Street
Los Angeles



| | | | |
|--------------------|------------------------|-----------------------|----------------|
| GRANTOR: | Jose L. Diaz | APN: | 6045-001-015 |
| GRANTEE: | Ivette G. Flores | LAND SIZE: | 2,250 sq.ft. |
| SALE DATE: | July 14, 2021 | DWELLING SIZE: | 572 sq.ft. |
| DOC. NO.: | 1088926 | YEAR BUILT: | 1940 |
| SALE PRICE: | \$259,000 | CONDITION: | Fair-average |
| TERMS: | \$207,000 conventional | GARAGE: | 1-car detached |

VALUE INDICATIONS: \$115.11 per SF land
\$452.80 per SF bldg.

MARKET DATA #4

9551 Holmes Avenue
Los Angeles



| | | | |
|--------------------|--------------------|-----------------------|--------------|
| GRANTOR: | Vilmars Gonzalez | APN: | 6048-031-013 |
| GRANTEE: | Carmen A. Ortizena | LAND SIZE: | 2,250 sq.ft. |
| SALE DATE: | August 3,2021 | DWELLING SIZE: | 556 sq.ft. |
| DOC. NO.: | 1187810 | YEAR BUILT: | 1923 |
| SALE PRICE: | \$392,000 | CONDITION: | Fair-average |
| TERMS: | \$384,899 FHA | GARAGE: | None |

VALUE INDICATIONS: \$174.22 per SF land
\$705.04 per SF bldg.

MARKET DATA #5

11212 Grape Street
Los Angeles



| | | | |
|--------------------|---|-----------------------|----------------|
| GRANTOR: | Yanly Zilbergerg | APN: | 6067-011-043 |
| GRANTEE: | Pedro Aragon and Guadalupe A. Aragon | LAND SIZE: | 3,750 sq.ft. |
| SALE DATE: | September 1, 2021 | DWELLING SIZE: | 576 sq.ft. |
| DOC. NO.: | 1341452 | YEAR BUILT: | 1949 |
| SALE PRICE: | \$399,000 | CONDITION: | Average |
| TERMS: | \$378,100 conventional | GARAGE: | 2-car detached |

VALUE INDICATIONS: \$106.40 per SF land
\$692.71 per SF bldg.

MARKET DATA #6

10928 Anzac Avenue
Los Angeles



| | | | |
|--------------------|---------------------------------------|-----------------------|--------------|
| GRANTOR: | Nanou A. KPE and Chamika KPE | APN: | 6067-007-028 |
| GRANTEE: | N.A. | LAND SIZE: | 3,250 sq.ft. |
| SALE DATE: | October 20, 2021 per listing agent | DWELLING SIZE: | 640 sq.ft. |
| DOC. NO.: | N.A. | YEAR BUILT: | 1921 |
| SALE PRICE: | \$365,000 per listing agent | CONDITION: | Average |
| TERMS: | N.A. | GARAGE: | none |

VALUE INDICATIONS: \$112.31 per SF land
\$570.31 per SF bldg.

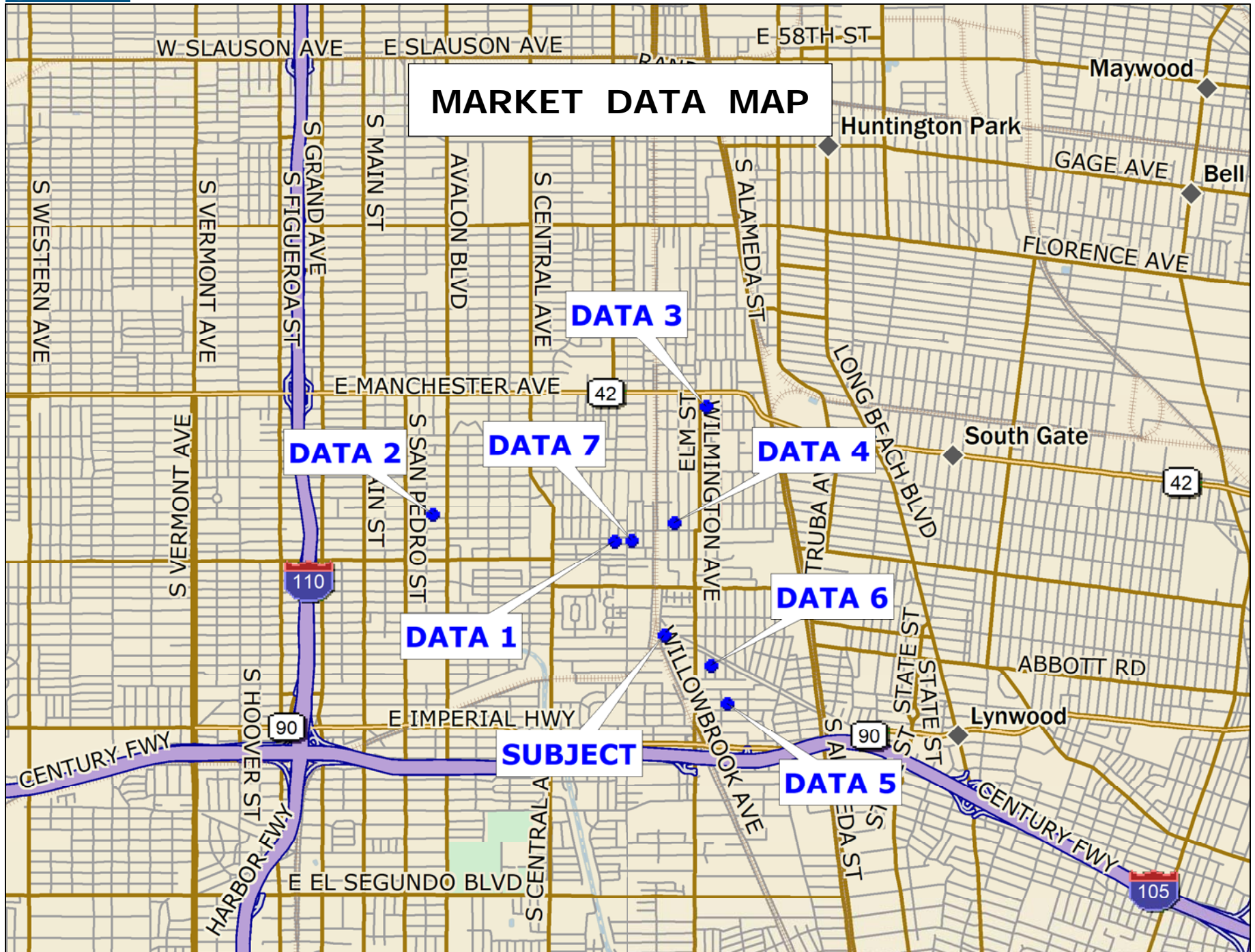
MARKET DATA # 7

9807 Defiance Avenue
Los Angeles



| | | | |
|---------------------|-----------|-----------------------|----------------|
| GRANTOR: | N.A. | APN: | 6048-017-041 |
| GRANTEE: | N.A. | LAND SIZE: | 3,362 sq.ft. |
| SALE DATE: | N.A. | DWELLING SIZE: | 624 sq.ft. |
| DOC. NO.: | N.A. | YEAR BUILT: | 1939 |
| OFFER PRICE: | \$375,000 | CONDITION: | Fair-average |
| TERMS: | N.A. | GARAGE: | 1-car detached |

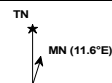
VALUE INDICATIONS: \$111.54 per SF land
\$600.96 per SF bldg.



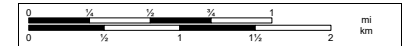
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Scale 1 : 50,000



1" = 4,166.7 ft Data Zoom 11-0

ADDENDA

See Photo No. 1 on first page of Subject Property Description Section.



PHOTO NO. 2: View looking northwesterly at subject property from East 107th Street.



PHOTO NO. 3: View looking southerly at the rear portion of the subject property.



PHOTO NO. 4: View looking southerly at the rear portion of the subject dwelling.



PHOTO NO. 5: Interior view of the kitchen at subject dwelling.



PHOTO NO. 6: Interior view of bedroom at subject dwelling.



PHOTO NO. 7: Interior view of the living room.



PHOTO NO. 8: Interior view of the bathroom.



PHOTO NO. 9: View looking east along East 107th Street from Graham Avenue.



PHOTO NO. 10: View looking north along Graham Avenue from East 107th Street.

**LOS ANGELES
REGIONAL DATA**

REGIONAL DATA

The value of real property is influenced by the characteristics and utility of land and physical improvements, as well as inter-relationships of markets, demographic forces, transportation, government, environmental influences and other factors. Said factors influence the location and density of population distribution and activities in certain areas and regions over others.

LOCATION:

The Greater Los Angeles Metropolitan Area is located in the southern part of the State of California. It is the largest coastal lowland in the state. The area is one of the largest regions in the United States; it has experienced continued growth in population, employment, manufacturing, housing, retail sales, and investment opportunities since the end of World War II. The Greater Los Angeles Metropolitan Area has the second largest concentration of population, business and industry, exceeded only by the Greater New York Area. The five-county area ranks second in manufacturing, shipment and retail sales, and third in manufacturing employment, personal income, and world trade.

Approximately one-half of the economy of the State of California is concentrated in the five-county area although it represents less than 5% of the state's total land area. Also, approximately half of the state's businesses are located in the five-county area, as well as over 60% of the manufacturers in the state. The following summary illustrates the relative size of each county:

| | |
|------------------------|---------------------------|
| Los Angeles County: | 4,083 square miles |
| Orange County: | 791 square miles |
| Riverside County: | 7,208 square miles |
| San Bernardino County: | 20,105 square miles |
| Ventura County: | <u>1,845</u> square miles |
| Total: | 34,032 square miles |

GOVERNMENTAL:

Los Angeles County is one of California's original counties, and was established February 18, 1850. Los Angeles County is bordered on the east by Orange and San Bernardino Counties, on the north by Kern County, on the west by Ventura County, and on the south by the Pacific Ocean. It also includes the islands of San Clemente and Santa Catalina. Los Angeles County has a coastline extending 76 miles in length.

REGIONAL DATA (Continued)

GOVERNMENTAL: (Continued)

The Board of Supervisors, created by the State Legislature in 1852, is the governing body. Five supervisors are elected to four-year terms by voters within their respective districts. The board has executive, legislative and quasi-judicial roles. It appoints all department heads other than the Assessor, District Attorney, and Sheriff, which are elective positions.

As a subdivision of the State, the County is charged with providing numerous services that affect the lives of all residents. Traditional mandatory services include law enforcement, property assessment, tax collection, public health protection, public social services, and relief to indigents. Among the specialized services are flood control, water conservation, parks and recreation, and many diversified cultural activities.

More than 65% of the County is unincorporated. There are 88 cities within the County, each with their own City Council. All of the cities, in varying degrees, contract with the County to provide municipal services. The 2020-2021 County budget is \$36.2 billion. The County receives 42% of its revenue from the operating grants and contributions, 28% from taxes, 27% from charges and services, and 3% from other services. The majority of County spending includes 26% of the budget on public assistance, 26% on public protection, and 31% on health services.

The County of Los Angeles is the largest employer in the five-county region, having 112,000 budgeted employees, as of 2020. The largest categories of County employees are in positions at the sheriff's department, public social services, and children and family services.

POPULATION:

Los Angeles has the largest county population in the State of California; approximately 25% of California's population resides in Los Angeles County. The population grew at a steady pace from approximately 1975 through 2005, averaging growth rates ranging from a low of 6% or 7% to a high of almost 20% per year. The population growth during the decades of 1980 and 1990 is in sharp contrast to population losses experienced by many large metropolitan areas in other parts of the United States.

REGIONAL DATA (Continued)

POPULATION: (Continued)

Since 2005, the population has increased at a more moderate rate of approximately 2% to 3% per year. Following is a general history of population growth within the Los Angeles County region:

| | |
|------|------------|
| 1920 | 1,000,000 |
| 1950 | 4,150,000 |
| 1960 | 6,040,000 |
| 1970 | 7,054,000 |
| 1980 | 7,477,000 |
| 1985 | 8,183,000 |
| 1990 | 8,878,000 |
| 1995 | 9,089,000 |
| 2000 | 9,543,000 |
| 2005 | 9,804,000 |
| 2010 | 9,826,000 |
| 2015 | 10,123,248 |
| 2020 | 10,039,107 |

The population continues to grow at a fairly constant rate with the exception of recent years. It is expected, as more vacant land is developed with residential tracts in response to demand by the immigration from the Midwest and Eastern states, as well as ethnic influx of additional residents, the growth rate will begin to rise again.

EMPLOYMENT AND INDUSTRY:

All sectors of the economy continue to be affected by the ongoing recession and housing and credit crisis; the greatest job losses have been in the areas of finance, construction, and manufacturing. The labor force of Los Angeles County is over 5.12 million persons, as of 2021.

REGIONAL DATA (Continued)

EMPLOYMENT AND INDUSTRY: (Continued)

Generally, the Greater Los Angeles Metropolitan Area has a diverse industrial/commercial base. The major industries of Los Angeles County include international trade (supported by the Port of Los Angeles and the Port of Long Beach), motion picture and television program production, music recording and production, aerospace, finance, electronics, construction, food processing, as well as professional services, such as law and medicine.

Due to the large size and population of Los Angeles County, the unemployment rate in Los Angeles County is generally similar to the state-wide unemployment rate, and approximately 1% higher than the national unemployment rate. Refer to the following table for the unemployment rates of Los Angeles County (local), the state of California, and the nation.

| <u>Period</u> | <u>Local</u> | <u>State</u> | <u>National</u> |
|---------------|--------------|--------------|-----------------|
| 2007 Average | 5.1% | 5.3% | 4.6% |
| 2008 Average | 7.5% | 7.2% | 5.8% |
| 2009 Average | 11.5% | 11.3% | 9.3% |
| 2010 Average | 12.6% | 12.4% | 9.6% |
| 2011 Average | 12.3% | 11.8% | 11.9% |
| 2012 Average | 10.9% | 10.4% | 8.1% |
| 2013 Average | 9.9% | 8.9% | 7.4% |
| 2014 Average | 8.3% | 7.5% | 6.2% |
| 2015 Average | 7.5% | 6.5% | 5.1% |
| 2016 Average | 4.8% | 5.5% | 4.8% |
| 2017 Average | 4.8% | 4.8% | 4.5% |
| 2018 Average | 5.1% | 4.3% | 3.9% |
| 2019 Average | 4.5% | 3.9% | 3.7% |
| 2020 Average | 14.1% | 10.1% | 5.9% |

FINANCE AND RETAIL TRADE:

The median income for a household in Los Angeles County, 2019, was \$68,044; the per capita income for the same time period was \$34,156. Approximately 14.9% of the families live below the poverty line.

The following table sets forth foreign trade, including both imports and exports within Los Angeles County, for every five year period since 1995, as follows:

REGIONAL DATA (Continued)

FINANCE AND RETAIL TRADE: (Continued)

| <u>Year</u> | <u>Exports</u> | <u>Imports</u> | <u>Total</u> |
|-------------|----------------|-----------------|-----------------|
| 1995 | \$67.0 billion | \$ 97.0 billion | \$164.0 billion |
| 2000 | \$77.3 billion | \$152.7 billion | \$230.0 billion |
| 2005 | \$78.4 billion | \$213.3 billion | \$291.7 billion |
| 2015 | \$67.1 billion | \$157.2 billion | \$224.3 billion |
| 2020 | \$50.1 billion | \$232.0 billion | \$282.1 billion |

The Port of Los Angeles and Port of Long Beach have handled the largest cargo tonnage of deep-sea vessels on the Pacific Coast. The Harbor Departments of Los Angeles and Long Beach are in the process of a ten-year development plan which will approximately double the respective port capacities.

TAXES AND GOVERNMENT:

In addition to various county agencies and jurisdictions, numerous other city governments operate within the Greater Los Angeles County Metropolitan Area. There are 88 individual cities in Los Angeles County, the larger ones, with respect to population, are Los Angeles (3,928,864), Long Beach (473,577), Glendale (200,167), Santa Clarita (181,557), Lancaster (161,043), Palmdale (158,279), Pomona (153,350), Torrance (148,495), and Pasadena (140,881). More than one million people live within unincorporated County territories. In addition, there are over 200 school districts, and over 500 special districts such as flood control, lighting, sanitation, and fire protection.

An exact estimate with respect to real estate taxes depends entirely upon the location of a property in each county, and the respective city and taxing districts.

Property taxes for the entire state were reduced substantially as a result of the passage of the Jarvis-Gann Initiative in June 1978. Currently, property taxes are limited to 1% of the assessed value, however, the taxes are generally somewhat higher due to the ability of the taxing districts to add bonded indebtedness to the tax bill. The assessed value of real estate is limited to a 2% annual increase, or the general rise in real estate prices, whichever is less. In 1983, the increase was 1% since a 2% increase could not be supported in the real estate market. Due to the sharp decline in real estate values from 2007 and 2008, in 2009 the Los Angeles County Assessor completed a proactive decline-in-value review of 473,000 homes in Los Angeles County that

REGIONAL DATA (Continued)

TAXES AND GOVERNMENT: (Continued)

resulted in lower assessments on 334,000 properties. The average reduction in value on a single family residence was \$126,000; the average reduction on a condo was \$96,000. Real property is subject to a reappraisal upon a change of ownership as defined by Article XIII A of The California State Constitution and subsequent explanatory legislation of the State Board of Equalization directives.

TRANSPORTATION:

Southern California has an extensive system of highways, railroads, airports and deep water ports which offer industry a variety of means for efficiently and conveniently transporting raw materials and finished products. The transportation network provides easy connections and access to markets within California as well as throughout the nation and world. The existing freeway system is subject to constant maintenance, and numerous additional freeway routes have been adopted or are under construction.

The Metropolitan Transportation Authority carries 1.5 million riders daily from various points within the Los Angeles region. Express busses provide bus commuters with transportation to the suburbs. Commuters can also park on the outer periphery of the city and utilize bus transportation to employment centers. A downtown minibus system provides additional transportation within the Central Business District of Los Angeles. The construction of the Metro Rail Red Line system was completed in 1996 and links downtown Los Angeles to the Wilshire District, and portions of the San Fernando Valley. The Blue Line Metro Rail, which extends between Los Angeles and Long Beach, began operation in late 1990. A recently completed project is the Exposition (Expo) Metro Line, which connects Downtown Los Angeles to Culver City, which was completed in 2012; the westerly extension, connecting Culver City to Santa Monica, was completed in 2016. Various other projects are in the planning phase or currently under construction.

There are approximately 15 railroad companies operating within the Los Angeles area which link the continental United States and Canada. The rail companies offer a variety of shipping facilities, and transport approximately 8 billion tons of freight from the Los Angeles area annually.

REGIONAL DATA (Continued)

TRANSPORTATION: (Continued)

The Alameda Corridor is a 20-mile long rail cargo expressway linking the ports of Long Beach and Los Angeles to the transcontinental rail network near downtown Los Angeles. It is a series of bridges, underpasses, overpasses, and street improvements that separate freight trains from street traffic and passenger trains, facilitating a more efficient transportation network. The project's centerpiece is the Mid-Corridor Trench, which carries freight trains in an open trench that is 10 miles long, 33 feet deep, and 50 feet wide, extending between State Route 91 in Carson and 25th Street in Los Angeles. Construction began in April 1997; operations began in April 2002. The rail corridor currently provides approximately 40 trains to and from said ports at an average speed of 40 miles per hour. Spur track service is not available at intermediate locations along the route from Central Los Angeles to the ports.

The trucking and warehousing industry in Los Angeles represents the third largest in the country with approximately 10,000 commercial trucking companies in operation.

Los Angeles International Airport (LAX) is the world's busiest origin and destination (O & D) airport; O & D passengers are those beginning or ending their trips in Southern California rather than using the airport for connecting flights. In total passenger traffic, LAX is the third busiest airport in the United States and the sixth busiest in the world. Regarding the amount of air cargo tonnage handled, LAX ranks 5th in the United States and 14th in the world. In 2013, the airlines of LAX served 66.7 million passengers and handled 1.9 million tons of freight and mail. LAX handled 70% of all passengers, 95% of international passengers, and 75% of the air cargo traffic in the five-county Southern California region.

LAX creates, attracts, and supports economic activity throughout Southern California. LAX has an annual economic impact of more than \$50 billion, which is generated by aviation activity on or near the airport, expenditures related to the use of aviation services, and by money that is again spent and circulated throughout the local economy. An estimated 59,000 jobs are directly attributable to LAX; a total of approximately 408,000 jobs, spread throughout the region, are indirectly attributable to LAX.

REGIONAL DATA (Continued)

REAL ESTATE:

Intensive land development has taken place over the last century which has created a very large urban area. Over 1,100 square miles are designated as urban, of which 200 square miles are commercial and industrial developments. The Greater Los Angeles Metropolitan Area has attracted investors from Europe, the Pacific Rim, and Middle East for over 30 years. The "off shore" investment and financing have contributed greatly to major development projects.

While the equilibrium between supply and demand of certain real estate products varies considerably, there is generally a balance between residential, commercial, and industrial developments.

CLIMATE AND RECREATION:

The coastal communities of Southern California generally enjoy a Mediterranean type climate. The average annual rainfall is approximately 14.9 inches, with most precipitation occurring in the winter months (January through March). The climate, for the most part, is dry and warm; high temperatures average 65° in January, and 82° in July.

There are a variety of cultural, recreational, educational, and entertainment options in the greater Los Angeles area. There are numerous boating and water sport facilities, and many miles of maintained beaches; other facilities include recreational parks, camp grounds, golf courses, amusement parks, and major league sports facilities.

More than 90% of the world's recorded entertainment is produced within a five-mile radius of Hollywood. Most of the major studios, including Paramount Pictures, 20th Century Fox, Sony, Warner Bros., and Walt Disney Studios, are all located within the boundaries of Los Angeles County (cities of Burbank, Culver City, Glendale, and Los Angeles); Universal Pictures is located within an unincorporated area of Los Angeles County. The area offers a wide variety of film and live entertainment. Other entertainment centers include Disneyland, California Adventure, Magic Mountain, Knott's Berry Farm, Universal Studios Hollywood, etc.

REGIONAL DATA (Continued)

CONCLUSION AND TRENDS:

The Greater Los Angeles Metropolitan Area appears to have reached a new plateau with respect to population and expansion, particularly in view of the down zoning and reduction in development density by most municipal jurisdictions. The high cost of living, especially housing, as well as smog and overcrowding, appear to be the most common reasons for families relocating to other counties. The importance of the Los Angeles County Basin as a major center of industry, trade, and transportation should not diminish as it remains the second largest metropolitan area in the United States.

**QUALIFICATIONS
OF
APPRAISERS**

**R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS**

BACKGROUND AND QUALIFICATIONS

John P. Laurain, MAI, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

The Appraisal Institute
MAI Designated Member

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single-family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and nonprofit facilities include, among others, seaport properties, airport properties (FBO, hangars, warehouse, office, land, etc.), submerged land, river rights-of-way, reservoirs, agricultural land, conservation/mitigation and wetland properties, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, hospitals, skilled nursing facilities, churches, meeting halls and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased fee, and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research, analysis and appraisal services performed on projects for various public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986. Following is a partial list of public agencies for which appraisal services have been provided:

Cities:

| | | |
|------------------------|--------------------------|-----------------------------|
| City of Alhambra | City of Downey | City of Norwalk |
| City of Anaheim | City of El Monte | City of Oceanside |
| City of Artesia | City of El Segundo | City of Ontario |
| City of Arvin | City of Garden Grove | City of Palmdale |
| City of Azusa | City of Glendale | City of Palm Springs |
| City of Baldwin Park | City of Hawaiian Gardens | City of Paramount |
| City of Bell | City of Huntington Beach | City of Pasadena |
| City of Bell Gardens | City of Huntington Park | City of Perris |
| City of Bellflower | City of Industry | City of Redondo Beach |
| City of Beverly Hills | City of Inglewood | City of Riverside |
| City of Brea | City of Irwindale | City of Rosemead |
| City of Buena Park | City of Laguna Beach | City of San Juan Capistrano |
| City of Burbank | City of Laguna Woods | City of San Marino |
| City of Carson | City of Lakewood | City of Santa Ana |
| City of Cathedral City | City of La Mirada | City of Santa Fe Springs |
| City of Chino | City of Lawndale | City of Seal Beach |
| City of Chino Hills | City of Long Beach | City of Signal Hill |
| City of Compton | City of Los Alamitos | City of South El Monte |
| City of Corona | City of Los Angeles | City of South Gate |
| City of Covina | City of Monrovia | City of Tustin |
| City of Cudahy | City of Montebello | City of Upland |
| City of Cypress | City of Monterey Park | City of West Hollywood |
| City of Diamond Bar | City of Newport Beach | City of Whittier |

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Other Public and Quasi-Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
California High Speed Rail Authority
Caltrans
Castaic Lake Water Agency
Hawthorne School District
Kern County
Long Beach Community College District
Long Beach Airport
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Department of Beaches and Harbors
Los Angeles County Chief Executive Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Los Angeles County Public Works
Los Angeles Unified School District
Los Angeles World Airports
Lynwood Unified School District
Orange County Transportation Authority
Orange County Public Works
Orange County Counsel
Port of Hueneme
Port of Long Beach
Port of Los Angeles
Riverside County Transportation Commission
San Bernardino County
Southern California Edison
State of California, Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.:

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

BACKGROUND AND QUALIFICATIONS (Continued)

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness Orange County Superior Court.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services in the Counties of Los Angeles and Orange.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino and Riverside County Superior Courts.

ACADEMIC BACKGROUND:

Cypress Community College - Basic curriculum.

Long Beach Community College - Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

- Fundamentals of Real Estate Appraisal
- Appraisal Principles and Techniques
- California Real Estate Principles
- Real Estate Appraisal: Residential
- California Real Estate Economics
- Basic Income Capitalization Approach
- Advanced Income Capitalization Approach
- Advanced Market Analysis and Highest & Best Use
- Advanced Applications
- Advanced Concepts and Case Studies
- Quantitative Analysis
- Eminent Domain and Condemnation
- Complex Properties
- Real Estate Escrow
- California Real Estate Law
- Uniform Standards of Professional Appraisal Practice
- Federal and State Laws and Regulations
- Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)
- Valuation of Conservation Easements

BACKGROUND AND QUALIFICATIONS

Austin S. Ku
Real Estate Trainee Appraiser
License No. AT 3007399

ASSOCIATE APPRAISER:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

APPRAISAL BACKGROUND:

Real estate research and analysis services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 2018:

Cities:

City of Artesia
City of Bell Gardens
City of Bellflower
City of Buena Park
City of Downey
City of Fullerton
City of Hesperia
City of Industry
City of Los Angeles
City of Long Beach
City of Newport Beach
City of Norwalk
City of Ontario
City of Santa Fe Springs
City of Signal Hill

Public Agencies:

Cal Trans
Los Angeles County Department of
Beaches & Harbors
Orange County Transportation Authority
San Bernardino County
Transportation Authority
Los Angeles World Airports
Los Angeles County Metro
Los Angeles County
Chief Executive Office
Port of Los Angeles
Long Beach Airport
Port of Long Beach
Southern California Edison

ACADEMIC BACKGROUND:

University

California Polytechnic State University, Pomona
California State University, Long Beach
Bachelor of Science, Business Administration - Finance

Community College

Cypress Community College
Kinesiology Associates Degree

Real estate courses taken through the Appraisal Institute:

Basic Appraisal Principles
Basic Appraisal Procedures
National USPAP Course
Supervisor - Trainee Course
California Laws & Regulations Course
General Appraiser Market Analysis and Highest & Best Use
General Appraiser Site Valuation & Cost Approach
General Appraiser Sales Comparison Approach
General Appraiser Report Writing & Case Studies

EXHIBIT "C"

APPRAISAL REVIEW REPORT

Residential Property on Open Space Zoned Land
1703 E. 107th Street
City of Los Angeles, CA





October 27, 2021
Our File No. 21-12

City of Los Angeles
Department of General Services
Real Estate Services Division
111 E. 1st Street, Room 201
Los Angeles, California 90012

Attn: Armando Parra, Senior Real Estate Officer

Re: Review of the Appraisal
1703 E. 107th Street
City of Los Angeles, CA
APN 6065-034-019

Ladies & Gentlemen:

Pursuant to the request and authorization of the client, the City of Los Angeles Department of General Services, we have conducted an appraisal review of the above-referenced appraisal transmitted in a written report. The intended use of the appraisal being reviewed is to assist the intended user (City of Los Angeles) in financial decision making regarding a potential acquisition of the property appraised.

The purpose of this appraisal review is to provide the client with an opinion as to the quality of the appraisers' work including a review of: (1) the completeness of the appraisal as it relates to the scope of work set forth within the appraisal; (2) the adequacy and relevance of the data and the propriety of any adjustments made to the data; (3) the appropriateness of the appraisal methods and techniques used; and (4) whether the analyses, opinions, and conclusions in the appraisal and report are appropriate and reasonable.

The reviewed appraisal and report includes an opinion of the Fair Market Value of the Fee Simple interest in a single-family residence located on an open space zoned lot.

The appraisal is subject to typical assumptions and limiting conditions. The appraisal and the report are indicated to be subject to one extraordinary assumption and no hypothetical conditions.

The Extraordinary Assumption states that the subject property is a legal non-conforming use and as such, the improvements can be repaired and replaced in case of damage from a calamity, the improvements may be enlarged, but no additional guest dwelling units or guest rooms would be allowed.

The Extraordinary Assumption does not appear to be necessary and is only a repeat of the restrictions on Non-Conforming Use properties that are imposed by the City of Los Angeles Zoning Code Section 12.23.

The appraisal report indicates that the appraisal is transmitted in a written report format with a date of value of October 15, 2021 and a date of the original report of October 20, 2021. After making revisions, the date of the report is October 27, 2021.

The appraisal as well as the appraisal report were prepared and signed by John P. Laurain, MAI, ASA, a California Certified General Real Estate Appraiser, and Austin S. Ku, a California Trainee Appraiser.

Mr. Laurain and Mr. Ku are indicated to have inspected the subject property.

Assumptions and Limiting Conditions

The analyses and opinions set forth in this appraisal review are subject to the following assumptions and limiting conditions:

No responsibility is assumed by us for matters which are legal in nature. No opinion of title is rendered, and the property that is the subject of the appraisal being reviewed is assumed to be free of all encumbrances and the title is assumed to be marketable.

No survey of the boundaries of the property was undertaken by us. All areas and dimensions furnished to us are presumed to be correct.

This appraisal review is predicated on the assumption that the existence of hazardous materials, which may or may not be present on the property, was not observed by the review appraiser, unless otherwise stated in the appraisal review report. The review appraiser has no knowledge of the existence of such materials on or in the property, except as noted in the appraisal reviewed. The review appraiser is not qualified to detect such substances. The presence of substances such as asbestos, lead paint, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. No encroachment of real property improvements are considered to exist.

We shall not be required, by reason of the appraisal review, to give testimony or to be in attendance in court or any governmental or other hearing with reference to the appraisal reviewed or the property involved without prior arrangements having first been made with us relative to such additional employment.

The signatory of this appraisal review is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member to control the use and distribution of each appraisal review signed by such member. Therefore, except as hereinafter provided, the party for whom this appraisal review was prepared may distribute copies of this appraisal review, in its entirety, to such third parties as may be selected by the party for whom this appraisal review was prepared; however, selected portions of this appraisal review shall not be given to third parties without the prior written consent of the signatory of this appraisal review. Further, neither all nor part of this appraisal review shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatory of this appraisal review.

Scope of the Appraisal Review

The scope of the appraisal review for this assignment included the process of reading the appraisal report, reviewing the data, analyses, and conclusions for conformity with the Uniform Standards of Appraisal Practice (USPAP) of the Appraisal Foundation, contacting the appraiser with comments, and confirming the property sale data with public records.

The property that is the subject of the appraisal under review was inspected from the adjacent public right-of-way as a part of the appraisal review process.

I have not conducted any additional or independent research of the market to ascertain the availability of any additional data or other indicators of market value that could pertain to the valuation of the subject property.

Additional research of the Los Angeles Zoning Code was performed for a full understanding of the zoning impact regarding Non-Conforming Buildings and Uses.

Intended Use and Intended User of the Appraisal Review

The City of Los Angeles Department of General Services, the client and intended user, intends to use the appraisal review for internal quality control and management decision-making purposes.

Any use of this appraisal review by any other party is not intended.

Date of Appraisal Review

The date of the appraisal review is October 27, 2021.

The effective date of the appraisal review report is the date set forth on each page of the report.

Appraisal Review

This review is of an appraisal of a 6,250 sq.ft. Open Space zoned land parcel that is improved with a single-family residence built in 1907 that has 1 bedroom/0.75 of a bath, 542 sq.ft. of living area, and is in fair-average condition.

The appraisal is of the fair market value of the fee simple estate subject to the Extraordinary Assumption that the property is a legally non-conforming use and is governed by the Non-Conforming Building and Use requirements of the City of Los Angeles zoning code. The subject property is located at 1703 E. 107th Street, Los Angeles, CA.

The appraisal being reviewed was transmitted in a written report format. The appraisal date of value was October 15, 2021, and the date of the report reviewed was originally October 20, 2021. After revisions the date of the report is October 27, 2021.

The conclusion of the highest and best use for the land "as if vacant" is for open space. The conclusion of the highest and best use of the "property as improved" is for continued use as a residence.

The opinion of the market value of the fee simple estate is based on the application of a Sales Comparison Approach to support the value opinion for the property "as improved" with the Open Space zoning.

The Income and Cost Approaches were not applicable to this valuation assignment and were not utilized, as stated in the report.

The presentation of the Sales Comparison Approach property valuation comparative analysis was performed adequately and the analysis of the data was acceptable.

The Sales Comparison Approach presentation included qualitative comparisons and adjustments. The Unit of Comparison utilized in the Sales Comparison Approach was the whole price. The price per sq.ft. of the living area unit of comparison was utilized as part of the reconciliation process.

The information set forth regarding Sale Data Nos. 1 through 7 in the appraisal report reviewed, was consistent with the public records sale history.

A reconciliation of the value conclusion was performed adequately and the conclusion is reasonable.

The appraisal transmitted in a written report that was reviewed indicates that the valuation process followed in reaching the opinion of the fair market value for the subject property was adequately completed in compliance with the scope of work set forth in the Appraisal Report.

It is recommended that the appraisal of the property with a date of value of October 15, 2021 and a date of the report of October 27, 2021 be accepted for use by the intended user.

No market data, other than the market data set forth in the appraisal report reviewed was uncovered, obtained, or considered in the process of performing this appraisal review.

Certification

I certify that, to the best of my knowledge and belief:

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, impartial, and unbiased professional, analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that the subject of this appraisal review report, and I have no personal interest or bias with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.

- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- The reported analyses, opinions, and conclusions were developed, and this review report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- The use of this review report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Peter B. Finnerty has completed the requirements of the continuing education program of the Appraisal Institute.
- I have made a personal inspection of the subject property of the work under review for this appraisal review.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.
- I am competent to review or appraise the property that is the subject of this report based on my previous experience appraising and/or reviewing appraisals of similar types of properties.
- My state certification has not been revoked, suspended, canceled, or restricted.

Respectfully submitted,



Peter B. Finnerty, MAI
Certified General Real Estate Appraiser
California Certificate No. AG001937

ADDENDA

QUALIFICATIONS

QUALIFICATIONS

OF

PETER B. FINNERTY, MAI

PROFESSIONAL BACKGROUND

Actively engaged in the real estate profession since 1977. President and Principal of Pacific Real Estate Consultants, Inc., with offices at:

**668 N. Coast Highway, Suite 1409
Laguna Beach, California 92651**

Before starting Pacific Real Estate Consultants, was employed as Vice-President at Real Estate Analysts of Newport, Inc. (REAN), in Costa Mesa, California. Prior to that, was a Senior Appraiser, Bank of America, in Anaheim, California.

PROFESSIONAL ORGANIZATIONS

**Member of Appraisal Institute, with the MAI designation
LEED AP, Green Building Certification Institute
Member of National Association of Realtors
Member of California Association of Realtors
Member of Orange Coast Association of Realtors**

INSTRUCTOR

**AIREA Basic Valuation Procedures Course
AIREA Capitalization Theory & Techniques, Part A
AIREA Capitalization Theory & Techniques, Part B**

**How to Value your Corporate Real Estate Assets,
Seminar for International Association of Corporate Real Estate Executives, Inc.**

**Real Estate Appraisal 342, Coastline Community College
Finance 448, Income Property Appraisals, California State University at Long Beach**

**Appraisal Institute Appraisal Procedures Course
Appraisal Institute Capitalization Theory & Techniques, Part B
Appraisal Institute Advanced Applications Course
Appraisal Institute Non-Residential Demonstration Appraisal Report Writing Seminar
Appraisal Institute Small Hotel/Motel Valuation**

EXPERT WITNESS

**Superior Court of Orange County
Superior Court of Los Angeles County
Superior Court of Riverside County**

**Superior Court of San Diego County
Federal District Court
Federal Bankruptcy Court
Arbitration Proceedings**

LICENSES

**Licensed California Real Estate Broker
Certified General Real Estate Appraiser, State of California**

EDUCATIONAL ACTIVITIES

B.S., Real Estate Administration, Indiana University, 1976.

Special courses in Real Estate:

**Principles of Real Estate
Real Estate Appraisals
Case Studies in Real Estate
Real Estate Law
Residential Construction and Design
Survey of Real Estate and Land Economics**

Courses sponsored by American Institute of Real Estate Appraisers:

**Course I-A Principles, Methods, and Techniques of Real Estate Appraising
Course I-B Capitalization Theory and Techniques
Course II Urban Properties
Course VI Introduction to Investment Analysis**

SCOPE OF EXPERIENCE

Vacant Land

Single-family residential sites, multi-family residential sites, commercial and industrial sites, acreage, planned communities.

Residential

Single-family residences, duplexes, apartments, condominiums, planned unit developments, mobile homes.

Commercial

Shopping centers (regional, neighborhood and community), retail stores, general office buildings, medical office buildings, car dealerships, banks.

Industrial

Single- and multi-tenant warehouses and manufacturing buildings, truck terminals, business parks, R & D buildings, garages, mini-warehouses.

Special Purpose

Churches, veterinary hospitals, hotels and resorts, restaurants, theaters, mobile home parks, submerged tidelands, mixed-use developments, landfill properties, contaminated properties.

PARTIAL LIST OF CLIENTS

Lending Institutions

| | |
|--------------------------------|---------------------------------|
| American Savings & Loan Assn. | Great Western S & L Assn. |
| Bank of America | Home Federal S & L of San Diego |
| Bank of British Columbia | Imperial S & L Assn. |
| Beverly Hills S & L | Merit Savings Bank |
| Butterfield Savings | Mitsui Manufacturers Bank |
| California Canadian Bank | Morgan Guarantee Trust Co. |
| California Federal S & L Assn. | Mortgage Guaranty Ins. Corp. |
| Canadian Commercial Bank | Pacific Mutual Life Insurance |
| Chemical Bank | Rainier Mortgage |
| Citibank | San Diego Federal S & L Assn. |
| Columbia Savings & Loan | Security Pacific Nat'l. Bank |
| Coast Savings & Loan | Valencia Bank |
| Gibraltar Savings | Western Empire Savings & Loan |
| Glendale Federal S & L Assn. | Wells Fargo Bank |
| Goldman Sachs | |

Public Agencies

| | |
|--------------------------------------|---|
| Burbank Unified School Dist. | Orange County Dept. of Real Property Services |
| Calif. Dept. of Real Estate Services | Orange County Counsel's Office |
| City of Irvine | United States Postal Service |
| Federal Deposit Insurance Corp. | United States Army Corps of Engineers |
| Resolution Trust Corporation | United States Justice Department |
| Garden Grove Unified School | King County, Washington |

Developers and Landowners

| | |
|------------------------------|---|
| Birtcher-Pacific | Norland Properties |
| Butler Housing Corporation | Nu-West Development Company |
| Cadillac Fairview Homes West | Pipefitters Welfare Education and Pension |
| Carlton-Browne and Co., Inc. | Regis Homes |
| Carma Developers (Canada) | Santa Anita Development Company |
| Carma-Sandling Group | Daon Development |
| Save-Most Development, Inc. | Genstar |
| T & S Development Company | The Irvine Company |
| Trammel-Crow Company | The Koll Company |
| Valencia Corporation | Lincoln Property |
| Warmington Group | Meister Company |
| Robert P. Warmington Company | Mola Development Company |
| William Lyon Company | Newhall Land & Farming Company |

Law Firms

| | |
|--------------------------------------|-----------------------------------|
| Davis & Digrazia | McDermott, Will & Emery |
| Gibson, Dunn & Crutcher | Morrison & Foerster |
| Latham & Watkins | Paul, Hastings, Janofsky & Walker |
| Lewis, D'Amato, Brisbois, & Bisgaard | Rhodes & Bidna |
| McCutchen, Black, Verlager and Shey | Rosenfeld, Meyer & Susman |
| Rutan & Tucker | Urland, Morello, Dunn & Maynard |

Corporations and Institutions

| | |
|----------------------------------|--------------------------------|
| AMF Voit, Incorporated | W. R. Grace Company |
| ATO Corporation | E. F. Hutton Development, Inc. |
| Baldwin United Corporation | Kenneth Leventhal & Assoc. |
| University of California at L.A. | Ottawa Silicon Corporation |
| Campeau Corporation | Fluor Corporation |

EXHIBIT "D"

CITY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS
BUREAU OF ENGINEERING
1149 S. BROADWAY, 7th FLOOR
LOS ANGELES, CALIFORNIA 90015
CALIFORNIA ENVIRONMENTAL QUALITY ACT
NOTICE OF EXEMPTION
(Articles II and III – City CEQA Guidelines)

COUNTY CLERK'S USE

Submission of this form is optional. The form shall be filed with the County Clerk, 12400 E. Imperial Highway, Norwalk, California, 90650, pursuant to Public Resources Code Section 21152(b). Pursuant to Public Resources Code Section 21167(d), the filing of this notice starts a 35-day statute of limitations on court challenges to the approval of the project.

| | |
|---|-------------------------------|
| LEAD CITY AGENCY AND ADDRESS: City of Los Angeles c/o Bureau of Engineering 1149 S. Broadway, 6 th Floor, MS 939 Los Angeles, CA 90015 | COUNCIL DISTRICT 15 |
|---|-------------------------------|

| | |
|---|----------------------------------|
| PROJECT TITLE: 107th Street 1703 E (APN 6065-034-019) - Acquisition (aka 1703 East 107 th Street - Acquisition) | LOG REFERENCE C.F. No. |
|---|----------------------------------|

PROJECT LOCATION: 1703 E 107th Street in the Southeast Los Angeles Community Plan Area of the City of Los Angeles (see *Figure 1: Project Location*). T.G. Page 704, Grid G5

DESCRIPTION OF NATURE, PURPOSE, AND BENEFICIARIES OF PROJECT: The 107th Street 1703 E (APN 6065-034-019) - Acquisition (aka 1703 East 107th Street - Acquisition) (project) consists of property acquisition for use as office space. The City of Los Angeles (City) proposes to acquire the property located at 1703 East 107th Street, identified with Assessor's Parcel Number (APN) 6065-034-019 (property), adjacent to the Watts Towers Arts Center. The City proposes to expand the adjacent Watts Towers Arts Center and use the property for use by the Watts Towers Conservation Office staff as office and artifact storage space. A temporary trailer would be used until the on-site structure is restored/rehabilitated if found to be an historical resource per Public Resources Code (PRC) Section 21084.1 or rebuilt if found to be ineligible. Project beneficiaries include adjacent residents, visitors, and employees of the Watts Towers Arts Center. Please see the project description continuation in the narrative for more details. On _____, 2023, the City Council determined the project was exempt under the California Environmental Quality Act (CEQA) and approved the project.

| | |
|---------------------------------------|---|
| CONTACT PERSON Maria Martin | CONTACT INFORMATION maria.martin@lacity.org |
|---------------------------------------|---|

| EXEMPT STATUS: | <u>CITY CEQA GUIDELINES</u> | <u>STATE CEQA GUIDELINES</u> |
|------------------------|---|--|
| CATEGORICAL EXEMPTION* | Art. III, Sec. 1 Class 1 Art. III, Sec. 1 Class 4(6) | Sec. 15301 Sec. 15304 (f) Sec. 15325 Sec. 15331 |

* See Public Resources Code Sec. 21080 and set forth state and city guidelines provisions.

JUSTIFICATION FOR PROJECT EXEMPTION: This project is exempt from CEQA pursuant to State CEQA Guidelines Article 19, Section 15301, Class 1, *Existing Facilities*; Section 15304 (f), Class 4, *Minor Alterations to Land*; Section 15325, Class 25, *Transfers of Ownership in Land to Preserve Existing Historical Resources*; and Section 15331, Class 31, *Historical Resources Restoration*. Additionally, the project is exempt pursuant to *Los Angeles CEQA Guidelines* Article III, Section 1, Class 1, *Existing Facilities*; Class 4, *Minor Alterations to Land*, Category 6, *Temporary uses of land...* The project consists of acquisition of property and use of temporary trailers on the property in the interim until the on-site structure is rehabilitated or restored. *None of the limitations set forth in State CEQA Guidelines 15300.2 apply (see attached narrative).*

IF FILED BY APPLICANT, ATTACH CERTIFIED DOCUMENT OF EXEMPTION FINDING

| | | | |
|---|--|---------------------------------|-------------|
| SIGNATURE: <i>Pending project approval.</i> Maria Martin | TITLE: Environmental Affairs Officer Environmental Management Group | DATE: <i>Pending.</i> | |
| FEE: \$75.00 | RECEIPT NO. | REC'D BY | DATE |

CATEGORICAL EXEMPTION NARRATIVE

I. DESCRIPTION OF NATURE, PURPOSE, AND BENEFICIARIES OF PROJECT, CONTINUED

The City proposes to acquire the property at 1703 107th Street, which is located northeast of the intersection of 107th Street and Graham Avenue, adjacent to the Watts Towers Arts Center Campus. The property, which is approximately 6,250 square feet in area, is developed with an approximately 520-square-foot Craftsman style single family residential building. According to the Los Angeles County Assessor's records, the building was built in 1907. Except for the acquisition property, the Watts Towers Arts Center Campus occupies the triangle-shaped land east of Graham Avenue between 107th Street and Santa Ana Boulevard, see Figure 1: Project Location.

Once acquired, the City proposes a temporary use of the property until funds are secured for restoration or rehabilitation of the onsite building. An approximately 20x10-foot office trailer with lighting, heating, ventilation, and air conditioning; and security windows would be moved onsite to temporarily house approximately three to four conservation consultants.

The City does not yet have plans to restore/rehabilitate or rebuild the onsite building. However, the building would be evaluated for historic significance, and as applicable, mothballed (stabilized) consistent with Preservation Brief No. 31 to preserve the building until the funds are secured. Once the funding is secured, eligible historical resources as defined by PRC Section 21084.1 would be rehabilitated or restored in accordance with applicable Secretary of the Interior's Standards for Rehabilitation of Historic Properties. However, if the building is determined not eligible as an historical resource, the City may rebuild it.

The project may slightly increase vehicular trips or traffic impacts during construction. The construction work shall be performed in accordance with Work Area Traffic Control Handbook (WATCH) as required by the California Manual on Uniform Traffic Control Devices (CA MUTCD) published by Caltrans, imposed on projects of this nature. As applicable, City construction crews will coordinate with schools and Department of Transportation according and provide flaggers when required. If the construction activity encroaches upon a sidewalk, walkway or crosswalk area, pedestrians shall be provided advance warning if they are detoured away from the active construction site.

The project shall be constructed following any or all the applicable measures below:

1. Construction would occur from 7 am to 9 pm Monday through Friday and on Saturday from 8 am to 6 pm as allowable by *41.40 LAMC - Construction Noise*.
2. Notify all adjacent property owners and land users of the construction length, duration, and hours of noise and vibration producing construction activities, in writing.
3. Provide and make available contact information for the street and related repairs on construction activities, prior to and on-site during construction.

The project will include applicable best management practices of the *Southeast Los Angeles Community Plan Implementation Overlay District*, see Appendix A – Environmental Standards.

Unless otherwise stated, the proposed project will be designed, constructed and operated following all applicable laws, regulations, ordinances and formally adopted City standards including but not limited to:

- Los Angeles Municipal Code
- Bureau of Engineering Standard Plans
- Standard Specifications for Public Works Construction
- Work Area Traffic Control Handbook

- Additions and Amendments to the Standard Specifications for Public Works Construction

II. PROJECT HISTORY

The Watts Towers, also known as *Nuestro Pueblo*, recently celebrated 100 years, 1921-2021. They were built by Italian immigrant Sabato "Simon" Rodia from 1921 to 1954. The Watts Towers structure consisting of seventeen major sculptures were created out of steel covered with mortar and embellished by the decorative finishing of mosaic tiles, glass, clay, shells and rocks. There is no welded inner armature, Rodia wired rebars together then wrapped this joint with wire mesh and hand packed it with mortar and his mosaic surface.

Sabato Rodia was born in Serino, Italy in 1879 and arrived in the United States around 1894. He came to Watts in 1921 at age 42 and was commonly known as "Sam". His masterpiece and the world's largest single construction created by one individual, was his obsession for 33 years, located in the community of Watts in South Central Los Angeles.

In 1959, the international Conference of Museum Curators resolved that Rodia's Towers are a unique combination of sculpture and architecture and the paramount work of folk art of the 20th century in the United States. In March 1965, the Towers were designated Los Angeles Historic-Cultural Monument No. 15. The Towers are listed on the National Register of Historic Places, are a National Historic Landmark, and a State of California Historic Park.

At the time, the Towers were owned by the Committee for Simon Rodia's Towers in Watts. The Towers were deeded to the City of Los Angeles Municipal Arts Department in 1975. In 1978, the Committee for Simon Rodia's Towers in Watts sued the City of Los Angeles for neglect in operations and maintenance. In the same year, the City of Los Angeles deeded the Towers to the State of California. In 1979, the State of California took control and began repairs, and in 1980 Governor Jerry Brown signed a bill to provide one million dollars for restoration. By 1984, the Towers partially reopened during the Olympics and the Towers reopened in 1985.

This Watts area of Los Angeles where originated as a "traquero" settlement at the intersection of the two major lines of the Pacific Electric Train Company located directly west of the Watts Towers Arts Center Campus. The project site is the remaining property to be purchased from the Pichardo Family which owned the project site and several other parcels in that block dating from the 1940's and were neighbors to the Rodias. The Pichardo's House was originally brought in to house the "traqueros", a word derived from "traque", a Spanglish word for "track". A *traquero* is a railroad track worker, or "section hand", especially a Mexican or Mexican American railroad track worker. The peak of the *traquero* employment program took place between 1880-1915.

The Pichardo's house is the last original house on the northside of 107th Street block. Don Saul Pichardo's last request to his family was that the house be sold to the City of Los Angeles to continue and support the mission of the Watts Towers Arts Center Campus in providing community arts education and preservation of the Watts Towers.

The Department of Cultural Affairs (DCA) manages a team of conservations experts that ensure the Towers are conserved and preserved for the community and tourists to continue to enjoy. The trailer that housed a team of approximately three to four Los Angeles County Museum of Art (LACMA) conservation experts and their equipment became uninhabitable due to wear and deterioration. The acquisition of the property adjacent to the Campus will house this conservation team temporarily until the funds are secured for rehabilitation or restoration of the building on the acquisition property.

III. ENVIRONMENTAL REVIEW

Basis for Categorical Exemption

The proposed project is exempt from CEQA pursuant to State CEQA Guidelines Article 19, Section 15301, Class 1, *Existing Facilities*, which allows for the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use; Section 15304 (f), Class 4, *Minor Alterations to Land*, (f) minor temporary use of land having negligible or no permanent effects on the environment; Section 15325, Class 25, *Transfers of Ownership in Land to Preserve Existing Historical Resources*; and Section 15331, Class 31, *Historical Resources Restoration*. Additionally, the project is exempt pursuant to Los Angeles CEQA Guidelines Article III, Section 1, Class 1, Existing Facilities; Class 4, Minor Alterations to Land, Category 6, *Temporary uses of land*, because the project consists of acquisition of property with a 1900's residential building, and use of temporary trailers on the property in the interim until the on-site structure is rehabilitated or restored in accordance with the Secretary of the Interior's Standards as applicable. The acquisition site will be incorporated into the Watts Towers Arts Center Campus in support of a historic Landmark conservation and preservation.

Consideration of Potential Exceptions to use of a Categorical Exemption

The State CEQA Guidelines (CCR Sec 15300.2) limit the use of categorical exemptions in the following circumstances:

1. Location. Exemption Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located – a project that is ordinarily insignificant in its impact on the environment may be significant in a particularly sensitive environment. Therefore, these classes are considered to apply all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies.

This project is exempt from CEQA pursuant to State CEQA Guidelines Article 19, Classes 1, 4, 25, and 31. However, the project would support the conservation and preservation of a 1900's Craftsman-style building and the Watts Tower which is a significant historical resource. Therefore, this exception does not apply.

2. Cumulative Impact. This exception applies when, although a project may not have a significant impact, the cumulative impact of successive projects of the same type in the same place, over time is significant.

The project consists of acquisition of a relatively small property with a single family residential building. The temporary use of a trailer as offices and the rehabilitation or restoration of the building in the future would be done in conformance with the Secretary of the Interior's Standards. This is the last residential parcel not part of the Watts Towers Arts Center Campus project adjacent to it and the work to be performed is relatively small scale, residential type construction. Due to the limited size of the project, and because no similar projects were identified within one-quarter mile of the site, the project is not expected to result in a cumulative impact when combined with successive projects of the same type in the same place over time. Therefore, this exception has no application to this project.

3. Significant Effect. This exception applies when, although the project may otherwise be exempt, there is a reasonable possibility that the project will have a significant effect due to unusual circumstances.

Cultural Resources

As discussed above, work on eligible cultural resources would be done in conformance with the Secretary of the Interior's Standards and with best management practices of the *Southeast Los Angeles Community Plan Implementation Overlay District*, thus no significant effect is anticipated related to cultural resources. Restoration or rehabilitation work of this nature is not unusual in the City, with Engineering typically overseeing several such projects each year, and can occur in any of the older communities in the City. Additionally, the Cultural Resources BMPs in the *Southeast Los Angeles Community Plan Implementation Overlay District*, see Appendix A – Environmental Standards, would be implemented to ensure treatment of cultural resources in accordance with applicable regulations.

There is no reasonable possibility that the project will have a significant effect on cultural resources due to unusual circumstances. Therefore, this exception has no application to this project.

Geology - Liquefaction

According to NavigateLA, the project site lies within a designated liquefaction zone, an area mapped for “historic occurrence of liquefaction, or where local geological, geotechnical, and groundwater conditions indicate a potential for permanent ground displacements,” or where “previous occurrence of landslide movement, or local topographic, geological, geotechnical, and subsurface conditions indicate a potential for permanent ground displacements,” according to the California Earthquake Hazards Zone Application, released by the California Department of Conservation, California Geological Survey. Portions of land in the City, including northern areas along the Santa Monica Mountains, areas along the central belt from Santa Monica to Lynwood, and areas in southern Los Angeles along San Pedro Bay, are designated to be susceptible to liquefaction.

The proposed project will be acquiring a property, using a trailer as temporary office space, and restoring or rehabilitating an existing single family residential building for office space use and the project would be subject to applicable building codes for construction in a liquefaction zone. No new structures for human habitation will be constructed. Rehabilitation and maintenance projects are common in the City and throughout areas deemed to be within the liquefaction area, as such these repairs are not unusual circumstances. The project would not potentially result in or increase vulnerability to damage caused by liquefaction and there is no reasonable possibility that the project will have a significant effect due to unusual circumstances.

Hazardous Waste

As of January 10, 2023, neither the project site or any contaminated sites near the project area (within 500 feet) are listed in either the State Department of Toxic Substances Control (DTSC) Envirostor (www.envirostor.dtsc.ca.gov) or the California Regional Water Quality Control Board (RWQCB) Geotracker (<https://geotracker.waterboards.ca.gov/>) databases. Thus, there is no reasonable possibility that the project will have a significant effect due to unusual circumstances related to hazardous.

4. Scenic Highway. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway.

The proposed project is not within a state designated scenic highway or within sight of any state designated scenic highway. Therefore, this exception has no application to this project.

5. Hazardous Waste Site. This exception applies when a project is located on a site listed as a hazardous waste site under Government Code Section 65962.5.

As of January 9, 2023, the project site was not listed as a hazardous waste site. Therefore, this

exception has no application to this project.

6. Historical Resources. This exception applies when a project may cause a substantial adverse change in the significance of a historical resource.

In the event that unanticipated historical artifacts were encountered, City Engineer Standard Specifications, Section 6-6.2, (Greenbook, 2021) states: "If discovery is made of items of archaeological or paleontological interest, the Contractor shall immediately cease excavation in the area of discovery and shall not continue until ordered by the Engineer." Therefore, during activities in which there will be ground disturbances (i.e., digging, drilling, etc.) if any evidence of archaeological, cultural, or paleontological resources are found, all work within the vicinity of the find shall stop until a qualified archaeologist can assess the finds and make recommendations. No excavation of any finds should be attempted by project personnel unless directed by a qualified archaeologist. Construction activities may continue in other areas. If the discovery proves significant under CEQA (Section 15064.5f; Public Resources Code or PRC 21082), additional work such as testing, or data recovery may be warranted.

The discovery of human remains is always a possibility during ground disturbances; State of California Health and Safety Code Section 7050.5 states that no further disturbance shall occur until the Los Angeles County Coroner has made a determination of origin and disposition pursuant to PRC Section 5097.98. The Los Angeles County Coroner must be notified of the find immediately. If the human remains are determined to be prehistoric, the coroner will notify the Native American Heritage Commission, which will determine and notify a Most Likely Descendent (MLD). The MLD shall complete the inspection of the site within 48 hours of notification and may recommend scientific removal and nondestructive analysis of human remains and items associated with Native American burials.

As indicated above, the project is not anticipated to result in a substantial adverse change in the significance of a historical resource. Additionally, unanticipated discoveries would be treated in accordance with applicable standards and best management practices. Therefore, no substantial adverse impact to cultural resources is anticipated, and as such this exception does not apply.

IV. REFERENCES

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