

# Cycle of Frustration

## Pros and cons of the replenishment housing program



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The Holden family was excited in anticipation of escrow closing on their first purchase of a home. They couldn't believe their good fortune going from a tenant displaced by a freeway project with little hope of ever buying a home to being only days away from being handed the keys to a brand-new house. Loan applications, interviews, mounds of paperwork and 18 months of process was finally ending. The recordation of the deed officially giving them title to the property was imminent and could not happen soon enough. But something happened preventing escrow from closing and this family would soon end up in a cycle of frustration.

### Replenishment Housing Program

The Replenishment Housing Program evolved out of a landmark 1979 court ruling that mandated a comprehensive and ambitious directive to mitigate the impacts of the loss of an estimated 6000+ housing units because of a major freeway project in Los Angeles, California.

Dubbed the Century Freeway, the Interstate 105 concept began in the 1950s as a 10-lane super project that would traverse three counties and multiple cities. Century Freeway's name was borrowed from Century Boulevard where the westerly freeway terminus ended (it was not named after the time it took to complete the project as critics blithely asserted). In 1972, the final design of the Century Freeway I-105 was complete and would be the major urban thoroughfare connecting LAX to the city of Norwalk.

However, residents in areas affected by the proposed freeway development fought the construction. Multiple lawsuits were filed asking the U.S. District Court to stop the project or at a minimum, halt construction until the impacts of the freeway could be evaluated and mitigated. Eventually, the court and parties approved a Consent Decree (court approved order), establishing that the project would have six lanes for general traffic; two HOV lanes; a median busway not wider than 64 feet, convertible to light rail; metered ramps; and new construction of 3,700 housing units. Immediately, Century Freeway became one of the largest public works projects in U.S. history.

A significant aspect of the Consent Decree (Keith v. Volpe) was the requirement that the housing removed to construct the freeway be replaced, leading to the creation of the Century Freeway Housing Program (also known as the Replenishment Housing Program) within the California Department of Housing and Community Development. The Replenishment Housing Program changed the lives of thousands of families being displaced by the project or impacted by the project.



# The Replenishment Housing Program was credited with creating affordable housing for those displaced by the freeway's construction along with minority and female employment opportunities.



## Program Implemented

One part of Replenishment Housing Program was the moving and rehabilitation of existing residential houses onto vacant lots created by the project. These rehabilitated homes would be offered to the eligible displaced families and the purchase price based upon their ability to pay. Their ability to pay was primarily based upon their family income and ordinary expenses. In most cases, as was the case for this family, their income was well below the amount necessary to qualify based upon real estate market conditions, mortgage rates and down payment requirements.

Homes on the private market get listed and offers to purchase are made, with buyers tendering down payments and qualifying for mortgages at market interest rates. The Replenishment Housing Program worked in reverse. Once deemed program eligible, the family members were identified and their total monthly family income and expenses were confirmed. The home purchase price was based on the amount the family could afford to pay each month. Affordability level was 30 percent of the total family income. If family income was \$1000 per month, the program earmarked \$300 per month for housing expenses including a mortgage payment, insurance and taxes.

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The Holden family qualified for the programs as a displaced tenant. They moved from the project into another rental unit, but successfully applied to the Replenishment Housing Program to purchase a rehabilitated home. The house that they contracted to purchase was physically moved from an acquired property and then onto an excess land parcel created from the freeway project.

Concurrently with the finance qualification process, the house they chose was being repaired and rehabilitated by a local qualified contractor using persons hired from the community through the Consent Decree mandated Apprenticeship Work Program. Good construction and building materials were verified and included in the build. The house was regularly inspected for safety and quality of finish. This house rehabilitation was complete and approved for occupancy. As the escrow closing date approached, and only days after the final inspection, the contractor went back to finish minor landscaping and found the front door ajar. Upon entry, the contractor saw the house vandalized and stripped of anything and everything of value, from the interior doors and appliances to the plumbing fixtures and even the kitchen cabinets.

The house was now not ready for occupancy, the loan could not close and the escrow would not close. This cycle of vandalism continued twice more. The Holdens did eventually close escrow and purchase the home, four years later.

## Final Note

The Consent Decree mandated several unprecedented directives for a public works and interstate highway project. It established an Office of the Advocate for Corridor Residents responsible for representing persons displaced by the freeway.

It also created a new State organization to implement the Replenishment Housing Program headed by the State Department of Housing and Community Development. The Replenishment Housing Program would construct 4,200 units back into the communities impacted by the project. Timelines were mandated. When 50 percent of freeway construction contracts were awarded, at least 30 percent of the housing units were to be available for occupancy. Federal highway funds were to be used to assist people actually displaced by the freeway and to restock the housing supply in the affected communities.

Importantly, the Replenishment Housing Program was credited with creating affordable housing for those displaced by the freeway's construction along with minority and female employment opportunities. Notwithstanding the delays as in this case of the Holden family, there were untold success stories for hundreds if not thousands of families that would otherwise have not been able to secure permanent housing if not for the Consent Decree and the Replenishment Housing Program. ★



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