

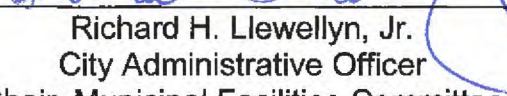
0220-05151-0065

TRANSMITTAL

TO Council	DATE 11-28-18	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 13

At its meeting held on November 15, 2018, the Municipal Facilities Committee adopted the recommendations in the attached General Services Department (GSD) report. Adoption of the report recommendations would authorize GSD to negotiate and execute a new lease agreement with the Los Angeles Homeless Service Authority (LAHSA) for the City-owned property located at 1533-35 North Schrader Boulevard, for use as a bridge housing facility. The lease will have a term of three (3) years with two one (1) year options. LAHSA will sub-lease the property to the People Helping The Homeless (PATH) to operate a 70 bed Bridge Home facility. The City will not charge LAHSA or PATH for the term of the lease.

There is a General Fund impact of loss parking revenues currently estimated at \$116,155 annually. Los Angeles County Measure H funds will pay for the majority of the PATH operational costs. The State's Homeless Emergency Aid Program (HEAP) grant is recommended as the source of fund to subsidize the operations by \$10 per bed per night over three years; the HEAP Report that includes this recommendation will go to Council for approval in January 2019.


 Richard H. Llewellyn, Jr.
 City Administrative Officer
 Chair, Municipal Facilities Committee

RHL:MB:RA:16190011

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
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November 15, 2018

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

Attention: Leyla Campos, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND
EXECUTE A NEW LEASE AT 1533-35 NORTH SCHRADER
BOULEVARD FOR USE AS A BRIDGE HOUSING FACILITY**

The Department of General Services requests authorization to negotiate and execute a new lease with the Los Angeles Homeless Services Authority (LAHSA), for the City-owned property located at 1533-35 N. Schrader Boulevard, Los Angeles, California 90028 to be used as a bridge housing facility as instructed by the Council and Mayor (CF 18-0352).

BACKGROUND

Under the direction of the Bureau of Engineering (BOE), a 7,200 square foot, one-story temporary bridge housing tent structure will be installed on the property. This site is comprised of three parcels with two addresses and was utilized as a 59 space surface parking lot (Lot 649) under the jurisdiction of the Los Angeles Department of Transportation (LADOT).

The project feasibility design includes up to 70 beds, hygiene and laundry facilities, a freestanding shade structure, an administration trailer, an exterior dining area, a food preparation and serving area, bin storage, and open space with a designated pet area and bike racks. The estimated construction cost is approximately \$3 million. Construction has started with a tentative completion date of January 2019.

The project site will be operated by LAHSA for three years with two one-year options via a sub-lease with People Assisting the Homeless (PATH).



PATH, a 501(c)3 non-profit, operates 25 locations throughout California providing case management, medical and mental healthcare, benefits advocacy, employment training and other services to homeless individuals. Since 2013, PATH has connected more than 7,500 people to permanent housing.

SCOPE OF SERVICES

PATH will provide the following services to the individuals utilizing the facility:

- Intensive case management aimed at identifying and securing permanent housing
- Wellness activities and groups focused on budgeting, life skills and workforce development
- Safety and security through 24/7 staffing
- Nutritious meals and snacks
- Connection to primary care, mental health care and substance use services as needed

MAINTENANCE

The City Administrative Office (CAO) advises a maintenance fund will be established with Crisis and Bridge Housing funds for major building and site systems such as structural, foundation, sewer, roof, HVAC, plumbing and electrical systems and fire life safety.

PATH will provide basic and routine maintenance and repairs throughout the facility.

TENANT IMPROVEMENTS/FURNITURE

The City is constructing the facility to accommodate 70 individuals. Any further improvements are the responsibility of the lessee.

PATH will provide furniture, fixtures and other equipment required to provide services at this facility.

COMMUNICATION AND MOVING EXPENSE

PATH will provide separate funding to accommodate the communication, data, staff phones and moving expenses.

MARKET ANALYSIS/COMMUNITY BENEFIT ANALYSIS

The market rate utilized in the Community Benefit Analysis (CBA) for PATH was determined by gathering rates of several similar type properties throughout the vicinity. The market analysis took into consideration the size and highest and best use. The rental rate was determined by calculating the Fair Market Rental Rate (FMRR) of \$2.00 x 21,470 sf = \$42,940 monthly or \$515,280 annually. This is a reasonable rental rate and well within the lower range of the FMRR spectrum.

The CAO completed the attached CBA and recommends approval of the proposed terms and conditions of the lease. As detailed in the CBA, the total community benefit is estimated at \$1,163,959 annually, which exceeds the annual market rent value of \$515,280 by \$648,679. PATH also provides an additional one-time value of \$71,100 for the furniture and equipment costs.

TERMS AND CONDITIONS

The new lease will contain the following:

LOCATION:	1533-35 N. Schrader Blvd., Los Angeles, CA 90028.
TENANT:	City of Los Angeles
USE:	Homeless Bridge Housing
SQUARE FEET:	Approximately 21,470 sq. ft.
TERM:	Three years (36 months)
RENTAL RATE:	\$0
ESCALATIONS:	N/A
OPTIONS:	Two 1-year options
ADDITIONAL RENT:	N/A
SECURITY DEPOSIT:	N/A
TERMINATION RIGHT:	City unilateral right, 30 days notice
UTILITIES:	Paid by the sub-lessee
PARKING:	Available on site
SUB-LET CLAUSE:	Permission to sub-lease
TENANT IMPROVEMENT:	Provided by sub-lessee if outside original scope of construction
CUSTODIAL:	Provided by the sub-lessee

MAINTENANCE: Landlord to maintain major building systems including heating, ventilation, air conditioning, water heaters, fire alarm and sprinkler system. Includes building exterior walls, structural condition of interior walls, exterior roof, plumbing and electrical systems.

Sub-lessee provides basic and routine daily maintenance and repairs within the facility.

FISCAL IMPACT

This lease generates no revenue back to the City's General Fund. The Crisis and Bridge Housing Fund and the State's Homeless Emergency Aid Program grant will finance the construction of the facility as well as the operating costs for LAHSA and PATH.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a lease with Los Angeles Homeless Services Authority at 1533-35 N. Schrader Boulevard to operate a bridge housing facility under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachments

Community Benefit Analysis for Proposed Non-Profit Lease


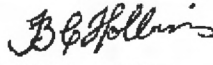

I. Proposed Lease Terms and Conditions	
Facility Location:	1533 -1535 N. Schrader Blvd, Los Angeles, CA 90028. City- Owned parcel that includes three (3) lots that amount to approximately 21,470 square feet.
Lessee:	People Assisting The Homeless – PATH, a non-profit 501(c) 3 organization
Council File Reference:	CF 18-0352 (Motion adopted September 18, 2018)
Space Assignment:	Approximately 21,470 square feet (Vacant parking Lot)
Term & Renewal Option:	3 Years with two (1) year options to renew.
Market Rate:	\$2.00 PSF (\$42,940.00 monthly or \$515,280.00 annually)
Proposed Rental Rate:	\$0 per year during the first term, with rate under any renewal options to be subject to negotiation at the discretion of the City.
Clean-up and Associated Cost:	Lessee shall be financially responsible for all applicable utility and custodial costs.
Tenant Improvements:	Lessee shall have full responsibility for the cost of any needed tenant improvements.
II. History and Current Services	
Mission:	The mission of PATH is to end homelessness for individuals, families, and communities by building affordable housing and providing supportive services throughout California.
Vision:	Path envisions a world where every person has a home.
Background / History:	PATH was founded by Claire and Reverend Orr to address the increasing issue of homelessness in 1984. Started with approximately 60 participating members, the group started by distributing food and clothing to people living on the streets. As homelessness continued to grow nationwide, research revealed that Housing First, a best practice model that first connects people to permanent housing and then focuses on stabilization through voluntary supportive services, proved more effective. PATH has more than 25 locations throughout California, provides services in more than 140 cities, with more than 1,000 units of permanent supportive housing completed or in the pipeline.

Community Benefit Analysis for Proposed Non-Profit Lease

<p>Current Services:</p>	<p>Current programs offered include:</p> <ul style="list-style-type: none"> • Employment program: working with individuals and Veterans to help them increase their job skills and to find meaningful employment. • Outreach service: working throughout the region, targeting areas identified as homeless "hot spots" and engaging individuals, Veterans, and families currently living on the street. • Housing navigation: assisting individuals, families, and Veterans to find and secure a permanent home. • Interim housing program: providing transitional housing and recuperative care to individuals, families, and Veterans experiencing homelessness. • Rapid rehousing program: assisting individuals, families, and Veterans with finding permanent housing by providing short term rental assistance, supportive services, and case management. • Wellness program: life skills and recovery oriented group programming.
<p align="center">III. Community Benefit Analysis</p>	
<p>Value of Direct Services:</p>	<p>A. <u>Value of Dedicated Staff:</u> \$590,868</p> <p>PATH staff salaries include full-time equivalent Program Manager, Clinical Case Manager (2), Case Manager (4), Security manager, Facilities Specialist and part-time equivalent Associate Director and Operations Associated with a benefit rate of 27 percent.</p> <p>B. <u>Value of Services to Participants:</u> \$44,000</p> <p>Services include wellness programs and direct client assistance (ID's, bus tokens, etc.):</p> <ul style="list-style-type: none"> • Wellness program serving 780 groups per year • Direct client assistance serving on average 200 clients per year
<p>Value of Operational Budget:</p>	<p>C. <u>Value of Operational Budget - specify:</u> \$509,091</p> <p>Value includes linen services, office supplies, communication, security, utilities, and non-donated meals and food supplies.</p>

Community Benefit Analysis for Proposed Non-Profit Lease

Additional Offsets / In-Kind Services:	D. <u>Value of Additional Offsets - specify:</u> \$20,000 Value includes hygiene kits, blankets and other food donations.
Total Community Benefit:	\$1,163,959 annually
Market Value for Leased Space	\$515,280 annually* (* calculated as: average market rate of \$ 2.00 per s.f. multiplied by assigned space of 21,470 s.f. multiplied by 12 months = \$515,280)
Value of One-Time Costs:	<u>Value of One-Time Costs - specify:</u> \$71,100 Costs include purchase of furniture, fixtures, or other equipment needed to provide services at the facility.
Benefits Finding & Recommended Action.	Community benefits estimated at \$ 1,163,959 annually, exceeding the market value for the leased space by \$648,679 with an additional one-time value of \$71,100. Approval of the proposed lease terms is recommended on the basis that the value of the community benefits exceed the market value of the leased space.

0220-05540-0000			
Work Assignment Number	Analyst	Chief	Assistant CAO

YC:KH/RS:05190051c

Released Date: 11-07-18

1533 Schrader Street - Homeless Housing Project

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
6555 Barton Ave	Los Angeles	Class A Office	138,000 SF	20,836 SF	\$4.85
941-945 N Highland Ave	Los Angeles	Class B Office	40,900 SF	15,000 SF	\$3.25
637-657 S La Brea Ave	Los Angeles	Retail/Storefront	17,080 SF	17,080 SF	\$2.00
9023-9029 W Pico Blvd	Los Angeles	Class C Office	8,917 SF	8,917 SF	\$2.00-\$2.50
9039 W Pico Blvd	Los Angeles	Class C Office	5,238 SF	5,238 SF	\$2.00-\$2.50
5717 Santa Monica Blvd	Los Angeles	Class C Office/Industrial Live/Work Unit	10,704 SF	10,704 SF	\$2.00
233-241 N Westmoreland Ave	Los Angeles	Class C Industrial/Warehouse	18,000 SF	18,000 SF	\$2.00
3250 Wilshire Blvd	Los Angeles	Class A Office	408,080 SF	28,431 SF	\$2.25-\$2.50
3333 Wilshire Blvd	Los Angeles	Class A Office	246,912 SF	80,121 SF	\$2.20-\$2.40