

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **INFORMATION TECHNOLOGY AND GENERAL SERVICES COMMITTEE**

reports as follows:

INFORMATION TECHNOLOGY AND GENERAL SERVICES COMMITTEE REPORT relative to a proposed long-term lease with Lamp, Inc. (Lamp) for the City-owned property located at 527 South Crocker Street.

Recommendations for Council action, as initiated by Motion (Huizar - Cárdenas):

1. FIND that it is in the best interest of the City to enter into a long-term lease with Lamp for the City-owned property located at 527 South Crocker Street for a term of 20 years commencing on November 1, 2008 through September 30, 2028.
2. FIND that the long-term lease for the City-owned property located at 527 South Crocker Street supports exceptions to Los Angeles Administrative Code (LAAC) Section 10.3 and Carter Sections 371(e) (10) and 372, and that the City can award a lease to Lamp without using any competitive selection process as it may not be reasonably practical or compatible with the City's interest to conduct a Request For Proposals (RFP) for the lease of said facility.
3. DIRECT the General Manager of the Department of General Services (GSD), or designee, and the General Manager of the Community Development Department (CDD), or designee, to negotiate and execute a Lease Agreement between the City and Lamp for the City-owned property located at 527 South Crocker Street, Los Angeles, for a term of 20 years commencing on November 1, 2008 through September 30, 2028 with further DIRECT that Lamp will provide capital improvements to the property and continue the provision of community services.
4. DIRECT that the Lease Agreement, as detailed above in Recommendation No. 3, will be subject at minimum to the terms listed in the Attachment to the October 27, 2008 CAO report and attached to the Council file, and subject to review and approval of the City Attorney as to form and compliance with the City's contracting requirements and US Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG).
5. DIRECT the General Manager of the GSD, or designee, to monitor the Lease Agreement with Lamp in accordance with the City's Asset Management Policies.
6. DIRECT the General Manager of the CDD, or designees, to monitor programs and services provided by Lamp in accordance with HUD and CDBG regulations.
7. DIRECT the City Engineer, or designee, to monitor the capital improvements on the City-owned property located at 527 South Crocker Street in accordance with City policies.
8. REQUEST that the Councilmembers for Council Districts 9 and 14 meet to discuss the

feasibility of Lamps acquiring ownership of the property located at 527 South Crocker Street.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the recommendations, as detailed in the October 27, 2008 CAO report and attached to the Council file, are in compliance with the City's Financial Policies in that funding for capital improvements to the City-owned property located at 527 South Crocker Street is funded from non-City sources. Any potential loss of revenue to non-payment of rent is offset by the capital outlay and community services that will be provided by Lamp.

Community Impact Statement: None submitted

SUMMARY

On November 6, 2007, your Committee considered a Motion (Huizar - Cárdenas) relative to the proposed transfer of title of the City-owned property located at 527 South Crocker Street to Lamp for development of a capital improvement project for homeless services. According to the Motion, Lamp is a non-profit organization based in the Skid Row area of Downtown Los Angeles. For over 20 years, Lamp has been dedicated to permanently ending homelessness, improving health, and building self-sufficiency among homeless men and women living with severe mental illness. Lamp is in the process of developing an important capital improvement project.

Specifically, some of the improvements will include a public Laundromat, showers, administrative, clinical and social services. These services will provide the most vulnerable members of our society with the high-quality care, treatment and support they deserve. This project will be developed on City-owned property located at 527 S. Crocker Street. Action is needed to explore the feasibility of, and determine the steps needed to, transfer title of this City-owned property to the Lamp for the above described project and the transfer of property would be on condition that should the Lamp cease its current use of the facility or attempt to sell the property, then ownership of the property would revert to the City. Finally, after consideration and having provided an opportunity for public comment, the Committee moved to continue this matter.

Subsequently, on November 26, 2008, the Committee considered an October 27, 2008 CAO report in response to the above Motion. According to the CAO, Lamp provides services to homeless men and women with mental illness. These services include permanent and temporary housing, recovery services, meals, job training and other social services. Lamp also operates a public laundry service and public showers at the Facility. Lamp has received funding from HUD CDBG allocation for maintenance and repair projects at the Facility.

Lamp has indicated that it is in the process of securing up to \$3 million from public and private sources as part of its 'Forging the Future' capital campaign for the repair and improvement of the Facility. Approximately \$1.8 million of the \$3 million has been secured. The improvements will include: 1) repair and expansion of the laundry service, showers and toilets, 2) expansion of office space, 3) repair to certain structural aspects of the building, such as the roof and 4) a new facade on the building. Lamp has indicated that ownership of the property or site control will assist it in securing this funding. In addition, Lamp has indicated that the start of construction is pending the resolution of the title transfer of the Facility.

The CAO then stated that it has participated in a Working Group with staff members from the City Attorney, Chief Legislative Analyst (CLA), CDD, GSD, Council District 14 (CD 14) and Lamp to

discuss the transfer of the Property to Lamp. The consensus of the Working Group is that it is not feasible to transfer the title of the property to Lamp at this time. The ability of the City to transfer title of the property is made difficult by restrictions on the sale of property that have been improved with HUD funds, as mandated in the Federal Code of Regulations, 24 CFR 570.505 - Use of Real Property. The GSD completed a Class C estimate of the value of the Facility in February 2008 and determined the Estimated Value to be \$2 million. Discussions with Lamp indicate that it does not have the ability to purchase the property from the City at the compensation level that is required by HUD regulations. Under the circumstances, the alternative approach of entering into a long-term lease with Lamp might be the most effective means to meet the needs of Lamp and the Downtown community.

The Facility is also referred to as Lamp Village and is one of six sites located in Downtown Los Angeles that are operated by Lamp. The other sites include Frank Rice Safe Haven, Lamp Lodge, St. George Hotel, Ballington Apartments and La Primavera Apartments. Lamp states that it requests a transfer of the title of the Facility or a long-term lease as an alternative, to address any concerns that potential donors and investors to its Forging the Future fund raising campaign may have with the existing month-to-month lease. The Forging the Future campaign is a project to secure funding for capital improvements to the Facility. Lamp states that the objectives and outcomes of the Forging the future project include the following:

- a. Increase equipment available in showers, toilets and laundry service by 85%
- b. Add two music studios
- c. Reconfigure office space
- d. Expand the Money Management Program
- e. Add a multi-purpose community room
- f. Expand mental and health care services to approximately 1,200 individuals annually.

Given the existing HUD regulations that make a direct sale of the property to Lamp unfeasible at this time, the execution of a long term lease will allow the organization to proceed with capital improvements and expanded services without jeopardizing other funding sources or disrupting service provision.

The Facility is a 25,000 square-foot brick building located at 527 South Crocker Street in Downtown Los Angeles. It currently houses 50 homeless people with severe mental illness in a community setting, the program and administrative offices of Lamp, public laundry services, public showers and public toilets. The existing Lease Agreement (Agreement) between the City and Lamp, Contract No. C-68315, was executed over 22 years ago. The second amendment to the Agreement was approved by Council in 1992 (Council File No. 92-0521) to extend the expiration date to December 31, 1994. The Agreement has remained on a month-to-month status, and has more recently been pending negotiations on the conveyance of the Facility to Lamp. The current Agreement requires Lamp to provide community social services to low and moderate income residents in accordance with HUD regulations in lieu of lease payments. Lamp is solely responsible for all Facility improvements, maintenance, utilities and insurance. The CDD monitors Lamp for compliance with HUD regulations.

Finally, A 20-year Replacement Lease between the City and Lamp will provide Lamp with long-term control of the site. It will include language regarding termination of the lease by either party. In addition, the Replacement Lease will include language regarding the remedies available to the City for non-compliance with the terms and conditions or default in performing the services. The terms and conditions of the Replacement Lease should include but not be limited to those referenced in the attachment to this report. In lieu of lease payments, Lamp will provide site improvements to interior and exterior areas with funding acquired from its Forging the Future capital campaign, continue to provide community services, conduct all property maintenance and absorb utility payments and insurance costs, subject to City and federal policies. The specific community services that Lamps will be providing is detailed in the October 27, 2008 CAO report and attached to the Council file.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations as contained in the October 27, 2008 CAO report. Additionally, the Committee moved to also recommend requesting Council Districts 9 and 14 to meet and determine the feasibility of Lamps ultimately acquiring ownership of the property located at 527 South Crocker Street. This matter is now submitted to Council for its consideration.

Respectfully submitted,

INFORMATION TECHNOLOGY AND GENERAL SERVICES COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CÁRDENAS:	YES
PARKS:	YES
WESSON:	ABSENT

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CD 14

- Not Official Until Council Acts -