

T R A N S M I T T A L


TO Council	DATE 4-1-21	COUNCIL FILE NO. 20-0841
FROM Municipal Facilities Committee		COUNCIL DISTRICT 5

The attached report from the General Services Department (GSD) was approved by the Municipal Facilities Committee (MFC) on March 25, 2021, and is hereby transmitted for Council consideration.

Adoption of the report recommendations would authorize GSD to negotiate and execute a lease agreement with La Brea Garden Property, LLC for the property located at 7253 Melrose Avenue, Los Angeles, CA 90046, in Council District 5, for use as an interim housing facility. The proposed lease rate is \$35,000 per month, subject to a 3% annual increase.

This interim housing intervention is part of the COVID-19 Homelessness Roadmap (Roadmap). On March 18, 2021, the Office of the City Administrative Officer (CAO) released the Fifth Report with Roadmap Funding Recommendations, which includes funding to establish 60 interim housing beds at 7253 Melrose Avenue. A total of \$2,980,444 has been recommended for leasing (through June 30, 2025), operations (through June 30, 2022) and furniture, fixtures, and equipment. This report is pending Mayor and Council approval.

There is no anticipated impact to the General Fund at this time. In Fiscal Year 2022-23, the annual cost to operate this site will be \$1,204,500. The City portion of the operations/services cost is estimated to be \$602,250. Funding for these costs will be considered through the City's annual budget process, which is subject to Mayor and Council approval.


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

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
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March 25, 2021

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 305, City Hall
Los Angeles, CA, 90012

Attention: Michael Espinoza, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE AT 7253 MELROSE AVENUE LOS ANGELES CA 90046 WITH LA BREA GARDENS PROPERTY, LLC FOR USE AS INTERIM HOUSING

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement with La Brea Gardens Property, LLC (Landlord) owned property located in Council District 5 at 7253 Melrose Avenue Los Angeles, CA 90046 for interim housing.

BACKGROUND

On September 9, 2020, the City Council approved funding for the initial projects under the COVID-19 Homelessness Roadmap and directed the City Administrative Officer (CAO) to submit funding recommendations for projects via reports. Included in the CAO's fifth funding report, dated March 18, 2021, related to the COVID-19 Homelessness Roadmap (Roadmap), authorization and funding is recommended for this project site. The CAO's funding report is pending Council and Mayor approval.

This subject project is a three-story former assisted living facility built in 1969 containing 31 client guest rooms (dual occupancy), shared jack and jill restrooms, private office, dining room, elevator, client community room and large commercial kitchen that is approximately 12,240 square feet (sf). Furthermore, the site includes small exterior areas at both the rear and southeast corner of the lot. This lease agreement with the City of Los Angeles will be subsequently followed up with an operator sublease with a LAHSA service contract as part of the COVID-19 Homelessness Roadmap.

The Landlord has agreed to repair, renovate and update the building and its systems to be code compliant for the project.

TERMS AND CONDITIONS

The proposed lease is for five years with one five-year renewal option. The lease term commences upon final approval and issuance of the Certificate of Occupancy. A complete set of terms and conditions are outlined on the attached term sheet.



SHELTER SERVICES

A provider has yet to be determined for the site. GSD will submit a separate report for a sublease with the selected provider. LAHSA will execute a service contract with a provider to operate the site.

BUILDING MAINTENANCE/UTILITIES/LANDSCAPING

The building shows significant signs of deferred maintenance throughout, including many of the major systems such as the roof, plumbing, electrical and HVAC. Rehabilitation and modernization of these systems will be required, including a full re-pipe of the building interior and main sewer line, replacement of critical HVAC systems and upgrades to obsolete electrical panels. The Landlord will maintain major building systems such as the roof, structural components and items that may be covered under the manufacturers' warranty. Furthermore, the elevator system will also be upgraded including replacing elevator doors and adding emergency safety mechanisms such as emergency phone systems and lighting and ADA code requirements.

The CAO has advised the A Bridge Home Maintenance Fund may be utilized for to maintain routine building systems of the site including but not limited to minor plumbing, electrical, mechanical systems, and all doors, door frames, and door openers, located on and serving the premises, except for reasonable use and wear and damage resulting from negligent or other acts or omissions of the selected provider (Provider) or its parties. The Provider shall be responsible for fire life safety compliance and other regulatory requirements.

The Provider will maintain the building, in good and sanitary condition and repair in accordance with local standards for comparable properties of like age and character. The Provider is further obligated to maintain interior and exterior light fixture lamps, interior paint, fire extinguishers, localized plumbing drain backups which do not affect the mainline, and damage resulting from negligent or other acts or omissions of Provider including replacement or repair of fixtures, electrical outlets, plumbing, and HVAC damaged as a result of intentional destruction of such property. Any repairs, alterations or other improvements required from the specific use of the building by Provider shall be performed by Provider at its sole cost and expense. Landscape will be maintained by the Provider.

ENVIRONMENTAL

The Bureau of Engineering (BOE) has determined the City's activities related to the homeless shelter at this site to be statutorily exempt under Public Resources Code Section 21080(b)(4) as a specific action necessary to prevent or mitigate an emergency as also reflected in CEQA Guideline Section 15269(c); Public Resources Code section 21080.27 (AB 1197) applicable to City of Los Angeles emergency homeless shelters; and, because the project uses "Homeless Housing, Assistance and Prevention Program funds," it is exempt under Governor's order N-32-20. The Mayor and City Council must approve BOE's determination that this use is categorically exempt from CEQA.

FUNDING

On March 18, 2021 the Office of the City Administrative Officer (CAO) released Funding Recommendations for COVID-19 Homelessness Roadmap Projects which recommends interim housing at 7253 Melrose Avenue Los Angeles, CA 90046 in Council District 5 (CF 20-0841). A

total of \$2,980,444 is proposed for leasing (through June 30, 2025), operations (through June 30, 2022) and furniture, fixtures, and equipment. The report is expected to be considered by the City Council in early April 2021.

FISCAL IMPACT

There is no impact to the General Fund. The following CAO Funding Recommendations released on March 18, 2021 are pending Mayor and City Council action:

\$2,970,444 from the Homelessness Efforts - County Funding Agreement and \$10,000 from the Homeless Housing, Assistance, and Prevention Program for a total of \$2,980,444 for leasing (through June 30, 2025), operations (through June 30, 2022) and furniture, fixtures, and equipment.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute this lease agreement with La Brea Garden Property LLC at 7253 Melrose Avenue for a temporary homeless housing site under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments
Term Sheet

LEASING TERM SHEET

MFC DATE 03/25/2021

LANDLORD LA BREA GARDENS PROPERTY, LLC

ADDRESS 1349 49th St, Brooklyn, NY 11219-3133 Brooklyn, NY 11219-3133

TENANT City of Los Angeles – GSD

ADDRESS 111 E. First Street, Room 201, Los Angeles, CA 90012

LOCATION 7253 MELROSE AVE, LOS ANGELES, CA 90046

AGREEMENT TYPE Lease

USE Temporary Interim Housing

SQUARE FEET 12,240 SF

TERM 60 Months

RENT START DATE Date based on the final issuance of Certificate of Occupancy

LEASE START DATE Effective Date of City Clerk's attestation. Possession Date based on C of O.

OPTION TERM One 5-year option to extend; notice to Landlord 9-12 months prior.

HOLDOVER 150%

SUBLET/
ASSIGNMENT Right to consent if it an approved nonprofit operator. Sublease without
Landlord's consent.

TERMINATION N/A

RENTAL RATE \$35,000/mo.

ESCALATION 3% Annual Increase

RENTAL ABATEMENT None

ADDITIONAL RENT As set forth in Lease (including, those items set forth below)

PROPERTY TAX \$16,339.00

OPEX \$20,794 (Insurance)

CAM None

OTHER	Landlord to be reimbursed for fees and costs in event of Tenant default.
SECURITY DEPOSIT	\$35,000 (1 x monthly rent). Deposit returned to Tenant after month 24.
MAINTENANCE/ REPAIR	Tenant to be solely responsible other than Landlord gross negligence or willful misconduct
MAINTENANCE/ REPAIR DETAILS	See above. Landlord responsible for Structural and roof except for tenant negligence or willful misconduct. Roof may not be used for any purposes other than mechanical equipment or emergency egress.
TENANT IMPROVEMENTS	Landlord to complete its work consistent with attached scope of work.
PARKING	Included as follows: 1 garage stall & 1 surface space. Tenant may lease additional parking off-site - 6 parking spaces at \$300 per month. Additional spaces to be determined from time to time (without guarantee)
UTILITIES	Tenant
CUSTODIAL	Tenant
SECURITY	Tenant
PROP 13 PROTECTION	See below relating to tax increases.
INSURANCE (City)	City shall indemnify and hold harmless Tenant. Self-insured for liability. Tenant shall reimburse landlord for landlord's separate cost of property insurance
OTHER:	Annual increases to insurance and taxes shall not exceed 8%. Deadline for construction is December 1, 2021. Landlord to credit Tenant one month's rent if Landlord fails to complete construction by deadline.