

0220-05151-0615

**TRANSMITTAL**

TO The City Council	DATE 11-14-24	COUNCIL FILE NO. 22-0756
FROM Municipal Facilities Committee	COUNCIL DISTRICT 4	

At its meeting held on November 14, 2024, the Municipal Facilities Committee approved the recommendation of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report would authorize GSD to negotiate and execute an agreement where the City enters a lease between the Highland Gardens Hotel owner, Baklayan and Baklayan Family 2000 Trust, and People Assisting the Homeless (PATH), for the purpose of taking over lease payments from PATH and making payments directly to the Hotel owner, effective July 1, 2024. The site accommodates 143 beds and counts towards the City's Alliance Settlement Agreement.

On June 18, 2024, the Mayor concurred with the City Council's approval of the First Alliance Settlement Agreement Program (ASAP) Funding Report (C.F. 23-1022-S3). The report also allocated up to \$4,535,473 of Additional Homeless Services - General City Purposes (AHS-GCP) funding for 2024-25 leasing costs. However, the execution of the agreement required additional time than initially anticipated and due to the City's Financial Policies, the funds that were appropriated for this purpose reverted to the Reserve Fund at year end. As such, there is a fiscal impact of \$4,535,473 to the General Fund as a result of the recommendations in this report. Funding for leasing costs in subsequent fiscal years will be included in future funding Reports.



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Matthew W. Szabo  
City Administrative Officer

MWS:ECG:KML:MAG:MZ:16250031

CAO 649-d

# CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



KAREN BASS  
MAYOR

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

November 14, 2024

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

Attention: Jason Lopez, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH  
BAKLAYAN AND BAKLAYAN FAMILY 2000 TRUST AND PEOPLE ASSISTING THE  
HOMELESS (PATH) AT 7047 FRANKLIN AVENUE LOS ANGELES, CA 90028  
(HIGHLAND GARDENS HOTEL)**

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The Department of General Services (GSD) requests authority to negotiate and execute an agreement whereby the City, for the limited purpose of the payment of Base Rent, joins a lease between Baklayan and Baklayan Family 2000 Trust, owner of the Highland Gardens Hotel (Landlord) and People Assisting the Homeless (PATH), the non-profit operator. The leased property is located at 7047 Franklin Avenue, known as the Highland Gardens Hotel, in Council District 4 (CD 4).

## **BACKGROUND**

On November 14, 2022, PATH entered into a lease with the Highland Gardens for interim housing. PATH has requested that the City take over the lease payments to the site for the remainder of the term, which expires November 14, 2025 due to logistical challenges. On June 28, 2024, City Council adopted a motion (CF 22-0756-S3) instructing GSD staff to take over the financial payments for Base Rent of the lease between the hotel owner, Baklayan and Baklayan Family 2000 Trust and the operator, PATH. Due to timing constraints, GSD is in the process of processing the July 2024 - November 2024 Base Rent through an Authority For Expenditures as directed by Council Motion (CF: 22-0756-S4) pending City Council approval.

The site has 72 rooms, accommodates approximately 143 beds and was initially part of Project Roomkey.

## **TERMS AND CONDITIONS**

The current lease term expires on November 14, 2025. The City has agreed to be responsible for only Base Rent payments effective July 1, 2024. Furthermore, the current lease agreement also contains two, one-year extension options which if they are exercised by PATH would extend the lease through November 14, 2027. The current Base Rent is \$372,190.50 per month with a 3% annual increase every November.



**SHELTER SERVICES**

PATH was selected by the City Administrative Office (CAO) as the non-profit provider lessee to operate this site. PATH was founded in Los Angeles by a group of concerned community members to support their neighbors experiencing homelessness. PATH provides a variety of services for homeless individuals including employment, outreach, housing navigation, and permanent supportive housing.

**MAINTENANCE/UTILITIES/LANDSCAPING**

The Landlord will maintain the major building and site systems such as structural, foundation, sewer, roof, HVAC, plumbing, and electrical, as well as fire, life safety systems. Damages that are caused by an occupant shall be on the lessee, PATH, for repairs and reimbursement. Utilities and landscaping are also the responsibility of the Landlord.

PATH will provide routine daily maintenance and repairs through its operational funds.

**ENVIRONMENTAL**

Through the CAO Report dated October 6, 2022 (C.F. 22-0756-S2), approved by the City Council and Mayor on October 21, 2022, it was determined that the site involved in this approval was exempt from the California Environmental Quality Act (CEQA). Findings state the site is statutorily exempt from CEQA 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); and Public Resources Code section 21080.27 (AB 1197), applicable to City of Los Angeles emergency homeless shelters. The current approval is an action toward implementing and furthering the previously approved and exempt project.

**FUNDING**

On June 18, 2024, the Mayor concurred with the City Council's approval of the First Alliance Settlement Agreement Program (ASAP) Funding Report (C.F. 23-1022-S3). The report allocated up to \$4,535,473 of Additional Homeless Services - General City Purposes (AHS-GCP) funding for 2024-25 leasing costs. The lease feasibility review required additional time than initially anticipated. As such, due to the City's Financial Policies, the funds were reverted to the Reserve Fund at year end.

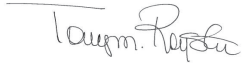
Additionally, the First ASAP Funding Report allocates up to \$3,642,167 in AHS-GCP to support operations costs, through June 30, 2025. The site counts towards the City's Alliance Settlement Agreement obligations and as such, funding for operations will be reimbursed by the County of Los Angeles, through June 13, 2027. Funding for operations and leasing costs in subsequent fiscal years will be included in future ASAP Funding Reports.

**FISCAL IMPACT**

There is a fiscal impact of \$4,535,473 to the General Fund as a result of the recommendations in this report.

**RECOMMENDATION**

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute an agreement with Baklayan and Baklayan Family 2000 Trust and PATH at 7047 Franklin Avenue Los Angeles, CA 90028 for use as an interim housing facility under the terms and conditions substantially outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster".

Tony M. Royster  
General Manager