

0220-05821-0003


TRANSMITTAL

TO Council	DATE 04-25-24	COUNCIL FILE NO. 20-0841-S7
FROM Municipal Facilities Committee	COUNCIL DISTRICT 13	

The attached report from the Department of General Services (GSD) was waived by the Municipal Facilities Committee and is hereby transmitted directly to Council for consideration.

Adoption of the report recommendations would authorize the GSD to negotiate and execute: 1) a lease amendment with Kirby Properties, LP c/o Reliable Properties; and, 2) a no-cost sublease with Hope the Mission (HTM), to continue operating the Tiny Home Village (THV) located at 1455-1461 North Alvarado Street, in Council District 13. The term for each agreement is three years and seven months, with no options to extend.

Fiscal Impact: There is no additional impact to the General Fund. Funding for leasing and operational costs are included in Roadmap reports. Funding for leasing and operational costs in 2024-25, is expected to be allocated in a future Roadmap Funding report.


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Matthew W. Szabo
City Administrative Officer

MWS:AW:05240110

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
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April 12, 2024

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

Attention: Luigi Verano, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE
AMENDMENT WITH KIRBY PROPERTIES, LP AND A SUBLEASE WITH HOPE THE
MISSION AT 1455-1461 NORTH ALVARADO STREET LOS ANGELES, CA 90026
FOR CONTINUED OPERATION OF AN INTERIM HOUSING SITE**

The Department of General Services (GSD) requests authority to negotiate and execute a lease amendment with Kirby Properties, LP c/o Reliable Properties (Landlord) and a sublease with Hope the Mission (HTM), for the continued operation of a Tiny Home Village (THV) interim housing site on privately owned property located at 1455-1461 N. Alvarado Street, Los Angeles, CA 90026 in Council District 13 (CD 13).

BACKGROUND

With the support and direction of Council Office 13, the 43-month extension will allow the continued use of this interim housing site. Additionally, CD 13 has requested a change of operators to HTM. The Los Angeles Homeless Services Authority (LAHSA) service contract is pending execution. Currently, the 19,717 square foot site is operated by Urban Alchemy with 38 single-bed sleeping cabins, one hygiene trailer, and one storage unit. The Tiny Home Village site has been in operation since 2021.

TERMS AND CONDITIONS

The extension lease term shall be from May 1, 2024 to November 30, 2027 for the lease with Kirby Properties, LP at a rate of \$16,500 per month for year one, \$18,150 per month for year two, and \$19,965 per month for year three and as well as the remaining seven months of the fourth year. Additional terms and conditions are outlined in the attached term sheet.

HTM will take over the site from Urban Alchemy, as the operator of the project with a subsequent sublease reflecting the amended lease with Kirby Properties, LP. The term will be consistent with the master lease. There is no holdover or renewal option for the no-cost sublease with HTM.

A complete set of terms and conditions are outlined on the attached term sheets for the lease and sublease.



SHELTER SERVICES

Founded in 2009, Hope the Mission is a faith-based compassion ministry that focuses on spiritual, emotional, physical, relational, occupational, and financial needs of their clients. Their two-pronged approach starts with crisis intervention then bridges clients, when they are ready, into long-term services that address chronic obstacles.

HTM aims to help clients find a job or form of public assistance, medical and mental health services, substance abuse counseling and recovery, and housing placement.

LAHSA has a pending service contract with HTM to operate the site. A new service contract will be executed for FY 24-25.

BUILDING MAINTENANCE, UTILITIES AND LANDSCAPING

The City shall maintain major building systems, including and limited to plumbing, electrical, and mechanical systems such as fire life safety systems that service the entire project.

HTM shall be responsible for utilities and provide daily routine and preventative maintenance including interior electrical, light fixture(s), smoke detectors, fire extinguishers, localized plumbing drain backups which do not affect the main line, and damage resulting from negligent or other acts or omissions of HTM and its parties. This includes replacement or repair of fixtures, electrical outlets, plumbing, and HVAC damaged as a result of intentional destruction of such property. HTM will also maintain any landscaping and hardscape.

The CAO advises A Bridge Home Maintenance Fund was established through the CIEP with GSD for bridge home and homeless navigation site maintenance costs. The CAO is working with GSD to confirm ongoing costs and funding sources for THVs and additional Roadmap sites, which will be recommended in a subsequent report.

ENVIRONMENTAL

Through the CAO's 22nd Roadmap funding report (C.F. 20-0841-S41), approved by the City Council with the Mayor's concurrence on February 22, 2024, it was determined that the Tiny Home Village site involved in this approval was exempt from the California Environmental Quality Act (CEQA). Findings state that this site is statutorily exempt from CEQA under Public Resources Code (PRC) Section 21080.27 and Government Code § 65660(b), applicable to City of Los Angeles (City) low barrier navigation centers, Government Code § 8698.4, governing homeless shelter projects under a shelter crisis declaration, and PRC § 21080(b)(4) and State CEQA Guidelines, 14 California Code of Regulations (CCR) § 15269(c) as a specific action necessary to prevent or mitigate an emergency. The current leasing approval is an action toward implementing and furthering the previously approved and exempt project.

FUNDING

On June 12, 2023, the Mayor concurred with the City Council's approval of the 17th Roadmap Funding report (C.F. 20-0841-S34), which allocated \$865,590 of County Agreement funds to support the operations of 38 beds located at this THV through June 30, 2024. An additional \$587,060 has been allocated throughout Fiscal Year 2023-24 to support operation shortfalls at this THV.

On April 5, 2024, the City Council approved the 23rd Roadmap Funding report, pending the Mayor's concurrence, which allocated \$263,872 of Homeless Housing, Assistance, and Prevention Program Round 2 funding to support operations at this THV through June 30, 2024. Additionally, the 23rd Roadmap Funding report allocated \$206,667 of County Agreement funds to support leasing costs at this THV through June 30, 2025. Additional funding is expected to be allocated in a future Roadmap Funding report to support leasing and operations costs at this THV for the next Fiscal Year 2024-25.

MARKET ANALYSIS

Based on a recent market analysis for the proposed lease amendment with Kirby Properties LP, the monthly rate for similar locations and types of space range from \$1.00 per square foot (PSF) to \$1.50 PSF with an average rate of \$1.25 PSF. The proposed starting base rate for this lease amendment is \$0.85 PSF. This reflects a modified gross net lease and is within the acceptable range for comparable space in the market. The current rental rate is \$0.56 PSF.

Location	Property Type	Rent Rate PSF	Rentable Square Feet	Lease Type
4708 Fountain Ave.	Land	\$1.50	18,000	Modified Gross
538 N. Mission	Land	\$1.25	19,564	Modified Gross
328 N. Alameda St.	Land	\$1.00	28,500	Modified Gross
Average Rental Rate		\$1.25		

FISCAL IMPACT

There is no anticipated General Fund impact at this time. Current operational funding is supported with Roadmap County Agreement funds.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a lease amendment with Kirby Properties LP c/o Reliable Properties (Landlord) and a sublease with Hope the Mission (HTM) to continue operating the Tiny Home Village interim housing facility located at 1455 -1461 N. Alvarado Street Los Angeles, CA 90026 under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheet - Kirby Properties, LP c/o Reliable Properties
Term Sheet - Hope the Mission

LEASING TERM SHEET

MFC DATE	April 12, 2024
LANDLORD	Kirby Properties LP c/o Reliable Properties
ADDRESS	6420 Wilshire Blvd., Ste. 1500 Los Angeles, CA 90048
TENANT	City of Los Angeles - GSD
ADDRESS	111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012
LOCATION	1455-1461 Alvarado Street LA, CA 90026
AGREEMENT TYPE	Lease
SQUARE FEET	Approximately 19,717 SF
TERM	3 Years 7 months
RENT START DATE	N/A
LEASE START DATE	05/01/24
OPTION TERM	None
HOLDOVER	250%
SUBLET/ ASSIGNMENT	Provider shall be subject to Landlord approval.
TERMINATION	None
RENTAL RATE	Year 1 - \$16,500, Year 2 - \$18,150.00, Year 3 - \$19,965.00 Last 7 months - \$19,965.00
ESCALATION	See Rental Rate above.
RENTAL ABATEMENT	None
ADDITIONAL RENT	None
PROPERTY TAX	None

OPEX	None
CAM	None
OTHER	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Tenant responsible for maintenance of the site. Through the sublease, the provider shall be responsible for daily preventive repairs and maintenance items, including landscaping, if any.
TENANT IMPROVEMENTS	None
PARKING	As available on site
UTILITIES	Tenant responsible for all utilities
CUSTODIAL	Tenant
SECURITY	Tenant
PROP 13 PROTECTION	N/A
INSURANCE (City)	Tenant shall indemnify and hold harmless Landlord.
OTHER:	
PRINT:	
SIGNATURE:	

LEASING TERM SHEET

MFC DATE	April 12, 2024
LANDLORD	City of Los Angeles - GSD
ADDRESS	111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012
TENANT	Hope the Mission
ADDRESS	16641 Roscoe Place North Hills, CA 91343
LOCATION	1455 -1461 Alvarado Street LA, CA 90026
AGREEMENT TYPE	Sublease
SQUARE FEET	Approximately 19,717 SF
TERM	3 Years 7 months
RENT START DATE	N/A
LEASE START DATE	05/01/24
OPTION TERM	None
HOLDOVER	None
SUBLET/ ASSIGNMENT	Right to assign - subject to Landlord approval
TERMINATION	30 days with notice
RENTAL RATE	None
ESCALATION	None
RENTAL ABATEMENT	None
ADDITIONAL RENT	None
PROPERTY TAX	None

OPEX	None
CAM	None
OTHER	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	<p>Tenant responsible for day-to -day building maintenance of the site and its equipment, including landscaping, if applicable.</p> <p>City, as funded, may provide repairs and maintenance to the Building Systems that are further defined in the lease agreement.</p>
TENANT IMPROVEMENTS	None
PARKING	As available on site
UTILITIES	Tenant responsible for all utilities
CUSTODIAL	Tenant
SECURITY	Tenant
PROP 13 PROTECTION	N/A
INSURANCE (City)	Tenant shall indemnify and hold harmless Landlord
OTHER:	
PRINT:	
SIGNATURE:	