

0220-05821-0000

TRANSMITTAL

TO Council	DATE 01-14-21	COUNCIL FILE NO. 20-0841
FROM Municipal Facilities Committee	COUNCIL DISTRICT 13	

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

Adoption of the report recommendations would authorize GSD to negotiate and execute a lease with Kirby Properties c/o Reliable Properties, Inc., for property located at 1455-1461 N. Alvarado St., Los Angeles, CA, 90026, in Council District 13, for use as an interim housing facility. The proposed lease rate is \$10,500 per month, subject to a 3% annual increase.

This Tiny Home Village Interim Housing site is part of the COVID-19 Homelessness Roadmap. A total of \$5,695,000 is approved for construction costs for 74 beds. On December 10, 2020, the following funding was approved for construction of the project: \$5,255,000 from the Homeless Housing, Assistance, and Prevention Program and \$440,000 from the COVID-19 Federal Relief Fund. An additional \$218,800 was approved from the Homelessness Efforts - County Funding Agreement for the cost of operations, including services, through June 30, 2021 and for furniture, fixtures, and equipment.

There is no anticipated impact to the General Fund at this time. In Fiscal Year 2021-22, the annual cost to operate the site is \$1,485,550. The City portion of this cost after the County Commitment to Roadmap operations will be \$742,775. Funding for these costs will be considered through the City's annual budget process, which is subject to Mayor and Council approval.



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

CAO 649-d

A. J. N.
RHL:YC:JVW:NSH 15210053

CITY OF LOS ANGELES

CALIFORNIA

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December 29, 2020

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

Attention: Armando Bencomo, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A GROUND LEASE AT 1455 – 1461 N. ALVARADO ST. LOS ANGELES, CA 90026 WITH RELIABLE PROPERTIES, INC.

The Department of General Services (GSD) requests authority to negotiate and execute a new lease with Kirby Properties c/o Reliable Properties (Landlord), for property located at 1455-1461 N. Alvarado St., Los Angeles, CA 90026 for use as an interim housing facility.

BACKGROUND

On December 10, 2020 the Mayor and City Council authorized GSD to negotiate and execute a 39-month agreement with Landlord for an open surface lot located on Alvarado and Scott Avenue (CF 20-0841). The site located in Council District 13 consists of an open lot to construct and establish interim housing. To determine the site's feasibility, the Bureau of Engineering (BOE) surveyed the site, assessed utility and sewer accessibility, and prepared site plans and a rough order of magnitude estimate to establish 74 beds for adults on this site. Under the direction of BOE, the project is ready to go to bid.

FUNDING

The estimated capital costs are approximately \$5,695,000. On December 10, 2020 the Mayor and City Council approved a CAO Report (CF 20-0841) authorizing \$440,000 from the COVID-19 Federal Relief Fund and \$5,255,000 from the Homeless Housing, Assistance, and Prevention Program. Additionally, \$218,800 was approved from the Homelessness Efforts – County Funding Agreement for the cost of operations, including services, through June 30, 2021 and for furniture, fixtures, and equipment. There is no impact to the General Fund.



SHELTER SERVICES

The service provider will be determined on a later date and memorialized with a sublease agreement in a separate report.

MAINTENANCE

The CAO advised that the A Bridge Home Maintenance Fund will be utilized for the City to maintain major building systems of the shelter sites including heating, ventilation, air conditioning, water heater, fire alarm, and sprinkler system. The City will also maintain the exterior walls, structural condition of interior walls, exterior roof, plumbing and electrical systems.

LAHSA and its selected provider will directly set up utility services with utility providers as well as be responsible for maintenance of light fixtures, smoke detectors, provide fire extinguishers, maintenance of exterior lighting, and basic maintenance of plumbing such as clogged drains.

It is noted there is no landscaping to maintain at this site.

ENVIRONMENTAL

On December 9, 2020, City Council determined that the pallet shelter project involved in this approval was exempt from the California Environmental Quality Act (CEQA) and approved the project (CF No. 20-0841). Although the documents in this action refer to 1455 Alvarado Blvd., the location includes a range of addresses 1455 – 1461 Alvarado Blvd., and the project to be leased, constructed, and operated is the same as that referenced by City Council as 1455 N. Alvarado St., Los Angeles, CA (CF No. 20-0841). In its action, Council determined the City's activities related to the homeless shelter at this site are statutorily exempt from CEQA under Public Resources Code Section 21080(b)(4) as a specific action necessary to prevent or mitigate an emergency, as set forth in the Notice of Exemption in the Council's prior action.

TERMS AND CONDITIONS

Landlord is requiring that the lease terminate on April 30, 2024. The commencement of the lease term will be upon execution of the lease; therefore, if the lease is executed after February 1, 2021, the lease term will be less than 39 months. The lease is subject to Council's approval, which includes no termination-for-convenience option in favor of the City and provides holdover rent that is five times the base rent. Additional terms and conditions are outlined on the attached term sheet.

FISCAL IMPACT

There is no impact to the General Fund. The cost to construct this project is estimated to be \$5,695,000. The Council and Mayor previously approved funding to finance this project as follows: \$440,000 from the COVID-19 Federal Relief Fund and \$5,255,000 from the Homeless Housing, Assistance, and Prevention Program.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the General Services Department to negotiate and execute a lease with Kirby Properties c/o Reliable Properties, Inc. for property located at 1455 – 1461 N. Alvarado St., Los Angeles, CA for a temporary homeless housing site under the terms and conditions substantially outlined in this report.


Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE 01/28/2021

LANDLORD Kirby Properties c/o Reliable Properties, Inc.

ADDRESS 6420 Wilshire Blvd. Ste. 1500 Los Angeles, CA 90048

TENANT City of LA - GSD

ADDRESS 111 E. First St. 2nd Floor Los Angeles, CA 90012

LOCATION 1455 - 1461 N. Alvarado St. Los Angeles, CA 90026

AGREEMENT TYPE Lease

USE Interim Housing

SQUARE FEET Approximately 23,000 SF


TERM Lease Start Date - 4/30/24

RENT START DATE 05/01/21

LEASE START DATE Upon City Clerk's Attestation Date

OPTION TERM None

HOLDOVER 5 times Base Rent

SUBLET/
ASSIGNMENT Right to Sublease 

TERMINATION Landlord Right to Terminate after 4/30/24

RENTAL RATE \$10,500/mo. - Modified Gross

ESCALATION 3% Annual Increase

RENTAL ABATEMENT From Lease Start Date to Rent Start Date

ADDITIONAL RENT None

PROPERTY TAX None

OPEX None

CAM None

OTHER	<div>None</div>
SECURITY DEPOSIT	<div>\$0</div>
MAINTENANCE/ REPAIR	<div>Tenant</div> <div></div>
MAINTENANCE/ REPAIR DETAILS	<div>Tenant shall be responsible for all build, repairs and maintenance.</div>
TENANT IMPROVEMENTS	<div>City through BOE shall manage and perform all work.</div>
PARKING	<div>None, subject to availability</div>
UTILITIES	<div>Tenant shall be responsible</div>
CUSTODIAL	<div>Tenant shall be responsible</div>
SECURITY	<div>Tenant shall be responsible</div>
PROP 13 PROTECTION	<div>Landlord will provide Prop 13 protection.</div> <div></div>
INSURANCE (City)	<div>City is self insured</div>
OTHER:	<div>Restoration: Tenant shall remove all improvements constructed by Tenant at termination of the lease, except for any utility infrastructure (which shall be left in place and capped off) and asphalt.</div>