

0220-05894-0000

TRANSMITTAL

TO Council	DATE 10-07-21	COUNCIL FILE NO. 20-0841
FROM Municipal Facilities Committee		COUNCIL DISTRICT 13

The attached report from the General Services Department (GSD) was approved by the Municipal Facilities Committee (MFC) on September 30, 2021, and it is hereby transmitted for Council consideration.

Adoption of the report recommendations would authorize GSD to negotiate and execute a lease agreement with the Daughters of Charity Foundation (DOCF) for the property located at 2301 West Third Street, Los Angeles, CA 90057, in Council District 13, to establish and operate an interim housing site. GSD is requesting a 60-month lease with DOCF, to commence upon final issuance of the Certificate of Occupancy, at \$8,500 per month with one, three-year extension option at \$10,000 per month.

This interim housing site is part of the COVID-19 Homelessness Roadmap (Roadmap). On June 3, 2021, the Council and Mayor approved the Office of the City Administrative Officer (CAO) Roadmap Funding Recommendations, which included funding to establish a Tiny Home Village with up to 109 beds at 2301 West Third Street. The following funding was approved for construction costs: \$4,964,900 from the Additional Homeless Services General City Purpose Fund and \$10,000 from the Homeless Housing, Assistance, and Prevention (HHAP) Grant Fund.

There is no anticipated impact to the General Fund.



Matthew W. Szabo
City Administrative Officer
Chair, Municipal Facilities Committee

MWS:PJH:AW: 16220117

CITY OF LOS ANGELES

CALIFORNIA

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September 30, 2021

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

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE
AT 2301 W. THIRD STREET LOS ANGELES, CA 90057
WITH DAUGHTERS OF CHARITY FOUNDATION
TO ESTABLISH AND OPERATE AN INTERIM HOUSING SITE**

The Department of General Services (GSD) requests authority to negotiate and execute a lease for property owned by the Daughters of Charity Foundation (DOCF), (Landlord), a California nonprofit religious corporation, to use their site located in Council District 13 (CD13) at 2301 W. Third Street Los Angeles, CA 90057 for interim housing.

BACKGROUND

The City's Homeless Coordinator requested GSD proceed with the negotiation of a 60-month lease with DOCF for the use of their surface parking lot that is approximately 26,900 square feet in for an interim housing project.

Through this lease with the Landlord (DOCF), the City will establish and operate an interim housing project that will include approximately 55 tiny homes (including three Americans with Disabilities Act compliant single beds), administration offices, two hygiene mobile units with restrooms, showers, lavatories, drinking fountains, designated seating area for food services, pet relief area, staff parking, lockers, perimeter fencing, utilities and a guard station.

The Bureau of Engineering (BOE) is providing project design and construction management oversight with an expected completion date of December 2021.

TERMS AND CONDITIONS

The lease, with the landlord (DOCF) shall commence upon final issuance of the Certificate of Occupancy for 60 months at \$8,500 per month and allows the City to sublease with a service provider to operate the site. There is one, three-year extension option at \$10,000 per month. A complete set of terms and conditions are outlined on the attached term sheet.



MARKET ANALYSIS

Based on recent market analysis, the price per square foot (sf) for similar and adjacent locations and type of space range from \$0.47- \$2.03 per sf. The proposed lease rate is \$0.32 per sf for base rent. This price reflects a modified gross lease and is within the acceptable range for comparable sites.

Location	Rental Rate	Rentable Square Footage	Lease Type
2301 W. Third Street	\$0.32	26,900	Modified Gross
1251 N. Spring Street	\$0.47	100,188	Modified Gross
1501 S. Los Angeles	\$2.03	15,682	Modified Gross
7060 Franklin Ave.	\$0.75	8,712	Modified Gross

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, AND LANDSCAPING

As between the soon-to-be-determined service provider and the City, the City will maintain major building systems including plumbing, electrical, other structural components of the trailers and tiny homes, mechanical systems, and all doors, including hardware, door frames, and door openers, except for reasonable use and wear and damage resulting from negligent or other acts or omissions of the service provider and its parties.

The service provider will provide routine daily repair and maintenance including, without limitation, interior and exterior light fixture lamps, interior paint, damaged glass, smoke detectors, fire extinguishers, HVAC, localized plumbing drain backups which do not affect the mainline, graffiti removal, and damage resulting from negligent or other acts or omissions of the service provider and its parties. This also includes replacement or repair of fixtures, electrical outlets, and damages resulting from intentional destruction of property. Furthermore, the service provider will also maintain fire and life safety compliance and other regulatory requirements.

The service provider will also maintain any landscaping, if any.

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

ENVIRONMENTAL

On June 2, 2021, 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). 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, Public Resources Code section 21080.27 (AB 1197) applicable to City of Los Angeles emergency homeless shelters; and because the project is uses "Homeless Housing, Assistance and Prevention Program" and partly funded by Homeless Emergency Aid Program funds, it is exempt under Governor's Order N-32-20; as set forth in the Notice of Exemption in the Council's prior action.

FUNDING

The estimated project costs for construction are approximately \$5 million. On June 2, 2021, the City Council approved CAO funding recommendations (CF 20-0841) authorizing \$4,964,900 from the Additional Homeless Services General City Purpose Fund and \$10,000 from the Homeless Housing, Assistance, and Prevention (HHAP) Grant Fund.

An operational budget of \$1,510,735 for furniture, fixtures, and equipment (\$5,990) and operations/services through June 30, 2022 (\$1,504,745), and a leasing budget of \$391,000 through June 30, 2025 were approved. These funds are from the Homelessness Efforts – County Funding Agreement Fund.

FISCAL IMPACT

There is no impact to the General Fund. The cost to construct this project is estimated to be \$5 million dollars. The Council and Mayor previously approved funding to finance this project as follows: \$4,964,900 from the Additional Homeless Services General City Purpose Fund and \$10,000 from the Homeless Housing, Assistance, and Prevention (HHAP) Grant Fund for construction costs, and \$1,901,735 from the Homelessness Efforts – County Funding Agreement Fund for furniture, fixtures, and equipment, operations/services, and leasing costs.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a lease with Daughters of Charity Foundation at 2301 W. Third Street Los Angeles, CA 90057 to use their property for an interim 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

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Other Tenant shall be responsible for daily maintenance
MAINTENANCE/ REPAIR DETAILS	
TENANT IMPROVEMENTS	<p>City will construct all improvements for interim housing project.</p> <p>Landlord will grant City the right to use a portion of the southeast corner of Landlord's parking lot outside of the leased premises to install and supply power for the site. City will pay for such electrical usage during the term, including electrical usage for Landlord's parking lot.</p>
PARKING	As available
UTILITIES	City shall be responsible for all utilities including telecommunications
CUSTODIAL	City shall provide all required custodial services
SECURITY	City shall be responsible
PROP 13 PROTECTION	Other None
INSURANCE (City)	City is self insured
OTHER:	<p>Restoration: City shall remove all improvements constructed by the City at the termination of the lease, except for any utility infrastructure (which shall be left in place and capped off) and asphalt and other paving.</p> <p>Indemintiy: City will indemnify Landlord against and hold Landlord harmless from any and all claims, losses and liabilities other than those caused by landlord's negligence.</p>