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TRANSMITTAL

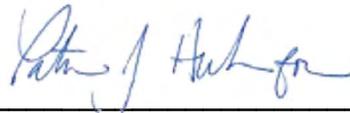
TO Council	DATE 11-04-21	COUNCIL FILE NO. 20-0841
FROM Municipal Facilities Committee		COUNCIL DISTRICT 13

The attached report from the General Services Department (GSD) was approved by the Municipal Facilities Committee (MFC) on October 28, 2021, and it is hereby transmitted for Council consideration.

Adoption of the report recommendations would authorize GSD to negotiate and execute a sublease agreement with Urban Alchemy for the property located at 2301 West Third Street, Los Angeles, CA 90057, in Council District 13, to operate a Tiny Home Village interim housing site with up to 109 beds. The sublease term will commence upon final issuance of the Certificate of Occupancy for a term of approximately 60 months. The City of Los Angeles (City) shall have the unilateral right to terminate the sublease.

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 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: \$1,901,735 from the Homelessness Efforts – County Funding Agreement Fund for furniture, fixtures, and equipment (\$5,990), operations/services (\$1,504,745) through June 30, 2022, and leasing costs (\$391,000) through June 30, 2025.

There is no anticipated impact to the General Fund. In Fiscal Year 2022-23, the annual cost to operate this site will be \$2,188,175. The City portion of this cost after the County of Los Angeles commitment to Roadmap operations will be \$1,094,087.50. Funding for these costs will be considered through the City's annual budget process, which is subject to Council and Mayor approval.



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

MWS:PJH:BB:AW: 16220126

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
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CITY PURCHASING AGENT



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MAYOR

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October 28, 2021

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

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE
A SUBLEASE AT 2301 W. THIRD STREET, LOS ANGELES, CA 90057
WITH URBAN ALCHEMY TO OPERATE INTERIM HOUSING SITE**

The Department of General Services (GSD) requests authority to negotiate and execute a sublease with Urban Alchemy to operate a Tiny Home Village located at 2301 W. Third Street, Los Angeles, CA 90057 in Council District 13 for interim housing.

BACKGROUND

The City's Homeless Coordinator requested GSD proceed with the negotiation of a 60-month lease with Daughters of Charity Foundation (DOCF) for the use of a surface parking lot that is approximately 26,900 square feet in order to design, construct, establish and operate an interim housing project. The site is located in Council District 13.

Through this sublease, the City shall sublease the site to Urban Alchemy to operate an interim housing project that shall include, among other things, approximately 56 tiny homes (including three Americans with Disabilities Act compliant single beds), administration offices, two hygiene mobile units with restrooms, showers and 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 sublease term will commence upon final issuance of the Certificate of Occupancy for a term of approximately 60 months. City shall have the unilateral right to terminate the sublease. A complete set of terms and conditions are outlined on the attached term sheet.

SHELTER SERVICES

Urban Alchemy was founded in 2018 in order to bring a sense of peace and respect to America's most chaotic urban areas that are struggling with the intersection of extreme poverty, addiction, mental illness, and hopelessness. They currently provide services in Council District 13 as the operator of a Mobile Pit Stop program, a Safe Sleep pilot program, and a similar Tiny Home Village site located at 1455 Alvarado Street. LAHSA will execute a service contract with Urban Alchemy to operate this site.

BUILDING MAINTENANCE, UTILITIES, AND LANDSCAPING

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 Urban Alchemy.

Urban Alchemy 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 Urban Alchemy and its parties. This also includes, without limitation, replacement or repair of fixtures, electrical outlets, plumbing, and HVAC damaged as a result of intentional destruction of such property. Furthermore, Urban Alchemy will also maintain fire and life safety compliance and other regulatory requirements.

Urban Alchemy will also maintain any landscaping, if any.

The CAO advises an 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 Villages 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 uses "Homeless Housing, Assistance and Prevention 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.

COMMUNITY BENEFIT ANALYSIS

Inasmuch as the COVID-19 Homelessness Roadmap formed to facilitate temporary housing and social services for homeless individuals, the proposed sublease, being necessary for implementation of the subject Tiny Home Village project, does not require further analysis of community benefits in support of the sublease.

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.

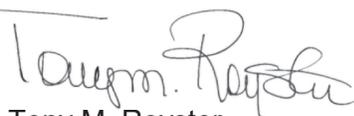
An operational budget of \$1,510,735 for furniture, fixtures, and equipment (\$5,990) and operations/services through June 30, 2022 (\$1,504,745), and a leasing budget of \$391,000 through June 30, 2025 were approved. These funds are from the Homelessness Efforts – County Funding Agreement Fund.

FISCAL IMPACT

There is no impact to the General Fund. The cost to construct this project is estimated to be \$8.9 million Dollars. The Council and Mayor previously approved funding to finance this project as follows: \$7,928,227 from the COVID-19 Federal Relief Fund and \$966,204 from the Homeless Emergency Aid Program (HEAP) for construction, and \$3,467,250 from the Emergency Solutions Grant – COVID for operations.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a sublease with Urban Alchemy at 2301 W. Third Street, Los Angeles, CA 90057 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	n/a
SECURITY DEPOSIT	n/a
MAINTENANCE/ REPAIR	Other See Maintenance/Repairs Details below.
MAINTENANCE/ REPAIR DETAILS	Upon taking possession, Sublessee will provide basic and routine daily maintenance throughout the site including plumbing, electrical, HVAC and fire life safety
TENANT IMPROVEMENTS	None
PARKING	None
UTILITIES	Sublessee shall be responsible for all utilities
CUSTODIAL	Sublessee shall be responsible for all custodial
SECURITY	Sublessee shall be responsible for security on site
PROP 13 PROTECTION	Other n/a
INSURANCE	Sublessee shall indemnify and hold harmless the City
OTHER:	