

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 3

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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)**

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.



Tony M. Royster
General Manager