

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 3

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GENERAL MANAGER
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CITY PURCHASING AGENT

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January 30, 2025

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

Attention: Adam Lid, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE AGREEMENT
WITH 1910 SUNSET BLVD. (LA), L.P. FOR OFFICE USE
AT 1910 SUNSET BLVD. SUITE 800, 705, 420 AND 430, LOS ANGELES, CA 90026**

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement for the Los Angeles Housing Department (LAHD) with 1910 Sunset (LA) LP located at 1910 Sunset Blvd. Los Angeles, CA 90026, in Council District 13, to serve as an expansion space at their current main location.

BACKGROUND

LAHD currently has two leases in place at this location and this proposed lease would be the third active lease. One lease, under C-136685 was established in 2019, wherein LAHD occupies 19,092 square feet (sf) and includes the entire 3rd floor, suite 450 and suite 700. This space accommodates up to 80 staff members and provides hoteling space for Housing Inspectors and Assistant Inspectors for a total of approximately 130 reporting employees at this site. This lease (C-136685) expires February 21, 2031.

Furthermore, Lease C-145005 was executed in December 2023, allowing LAHD to expand into P-2 storage space (737 sf) on a temporary basis when LAHD exited the Garland Building at 1200 W. 7th St. (Garland Building). This second lease expires on February 6, 2025. LAHD seeks to extend that lease on a temporary basis for an additional year under the option terms.

This proposed lease is needed for additional space for approximately 66 employees that were previously located at the Garland Building and include staff from Code, Rent Stabilization, and Compliance Division. This includes providing sufficient space for 22 employees currently located at the swing space on the 3rd floor of this location, four public counter staff who have been spread amongst other LAHD offices, and provides space for others who are telecommuting.



The proposed lease will allow LAHD to expand into the spaces indicated below.

Suite #	Rentable sf	Monthly Price/sf	Monthly Cost	Division	Anticipated Staff Count
850	4,642	\$4.25	\$19,728.50	Compliance Division	24
705	1,935	\$4.10	\$7,933.50	Code Division	17
420	3,468	\$3.85	\$13,351.80	Rent Division	25
430	744	\$3.85	\$2,864.40	Rent Division	Conference/ Multi-purpose room
Totals	10,789	\$4.07	\$43,878.20		66

While there are more LAHD employees that were displaced from the Garland Building in February of 2024, additional temporary space is being secured at another location for those employees. This expansion space at Sunset is not a department-wide swing space but will be a permanent space for public facing units including the public counter.

TERMS AND CONDITIONS

The initial lease term is for up to 65 months depending on the construction timeline under Landlord's scope and control and expiring concurrently with the main lease (C-136685) which expires February 21, 2031 with one five-year extension. This expansion is for an additional 10,789 sf. The proposed monthly rental rate ranges from \$3.85 per sf to \$4.25 per sf depending on the space as referenced in the above table. The lease commencement is scheduled upon City Clerk's attestation with four months of rent abatement for months two through five.

The City shall lease parking spaces at a ratio of three spaces per one thousand (3:1,000) square feet leased with a breakdown of one per thousand (1:1,000) "must-take" at the on-site parking structure, and two per thousand (2:1,000) "may-take" at the off-site Angelus Temple parking structure located across the street on Glendale Blvd. The City shall pay monthly prevailing rates which are currently \$125 per unreserved stall, and \$150 per reserved stall. The City's parking shall be abated in the same months during the Base Rent Abatement period outlined above. Any additional parking needed would be purchased separately by LAHD at the asking rate on a monthly basis, subject to availability.

Additional terms and conditions are outlined on the attached term sheet.

TENANT IMPROVEMENTS

Prior to occupancy of these spaces, the Landlord shall perform the following improvements at Landlord's expense:

- Suite 850 – New paint, carpet and lighting;
- Suite 705 – New paint, carpet and lighting. Additionally, Landlord shall build a case opening to connect suite 705 and suite 700;
- Suite 420 – Demo walls per a mutually agreed upon plan, and provide new paint, carpet and lighting;
- Suite 430 – Provide new paint in the suite.

All new lighting will be installed in the suites to match the recent new lighting that was done in Suite 450. All improvements shall be code compliant.

MARKET ANALYSIS

Based on recent market analysis for similar type properties and uses in this area, the Fair Market Rental Rate ranges from approximately \$3.00 - \$4.75 per sf. The negotiated rate for this lease averages \$4.07 per sf. However, the current asking rate for this building is \$3.50 - \$4.25 per sf depending on the floor.

Address	Rental Rate	Rentable Sq. Footage	Lease Type
1706 W. Sunset Blvd.	\$3.00/ sf	16,720 sf	NNN
625 N. Alvarado	\$3.00/ sf	3,150 sf	Modified Gross
1910 Sunset	*\$2.75/sf - \$4.25/sf	744 sf - 4,642 sf	Modified Gross

*Note: Proposed base rent averaging \$4.07 per sf is approximately 4% less than the asking rent for the property and within the market.

BUILDING MAINTENANCE, UTILITIES AND LANDSCAPING

The Landlord is responsible for all maintenance, at its sole cost and expense. This includes all daily maintenance and all major building systems and structural components such as electrical, plumbing, HVAC, fire sprinklers, landscape/hardscape and the roof. Additionally, the landlord shall provide custodial services.

COMMUNICATION AND MOVING EXPENSE

LAHD will fund all communication and moving expenses as well as any other costs such as furniture, fixtures and other equipment to support the office.

FISCAL IMPACT

The 2024-2025 Fiscal Year costs for rent and parking are estimated at \$45,003 (assuming June 2025 as occupancy date). This lease and associated costs will be paid directly by LAHD using their Special Funds: Rent Stabilization Fund F440001 and Code Enforcement Fund F41M001. There is no fiscal impact to the General Fund.

	Monthly Proposed Costs	2024-25 Estimated Expenses	2025-26 Estimated Expenses
Rent	\$43,878	\$43,878	\$527,855
Rent Abatement			-\$175,513
Parking	\$1,125	\$1,125	\$13,500
TOTAL	\$45,003	\$45,003	\$365,842

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a lease agreement with 1910 Sunset Blvd (LA) L.P. at 1910 W. Sunset Boulevard, Los Angeles for the Los Angeles Housing Department under the terms and conditions substantially as outlined in this report.



Tony M Royster
General Manager

Attachment: 1910 Sunset - Expansion - LEASING TERM SHEET

LEASING TERM SHEET

MFC DATE

1/30/2025

LANDLORD

1910 Sunset Blvd. (LA) L.P.

ADDRESS

4700 Wilshire Blvd. LA, CA 90010

TENANT

City of Los Angeles - GSD for LAHD

ADDRESS

111 E. First Street 2nd Floor, LA, CA 90012

LOCATION

1910 Sunset Blvd. Suite Nos:
#850 (4,642 RSF)
#705 (1,935 RSF)
#420 (3,468 RSF)
#430 (744 RSF)

AGREEMENT TYPE

Lease

USE

Office

SQUARE FEET

10,789 RSF

TERM

Upon Substantial Completion through February 21, 2031

RENT START DATE

30 Days after substantial Completion

LEASE START DATE

Upon City Clerk's Attestation

OPTION TERM

One 5-Year option concurrent to the Original Lease

HOLDOVER

150% of then current Base Rent

SUBLET/
ASSIGNMENT

Right to transfer with Landlord's consent and approval

TERMINATION

None

RENTAL RATE

#850 (4,642 RSF) - \$4.25/PSF
#705 (1,935 RSF) - \$4.10/ PSF
#420 (3,468 RSF) - \$3.85 / PSF
#430 (744 RSF) - \$3.85 / PSF

ESCALATION

3% annually on Lease Commencement Date anniversary

RENTAL ABATEMENT	Four months- Months 2,3,4 and 5
ADDITIONAL RENT	Operating Expenses with a 2025 Base Year, not responsible for the first 12 months
PROPERTY TAX	Operating Expenses with a 2025 Base Year
OPEX	Operating Expenses with a 2025 Base Year w/ 5% cap on Controllable Expenses
CAM	Operating Expenses with a 2025 Base Year w/ 5% cap on Controllable Expenses
OTHER	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord shall be responsible for all repairs and maintenance unless further defined in the lease.
TENANT IMPROVEMENTS	<p>Landlord, at Landlord's sole cost and expense, shall perform the following Tenant Improvements to the Expansion Premises suites:</p> <ul style="list-style-type: none"> -Suite 850 – New paint, carpet and lighting; -Suite 705 – New paint, carpet and lighting. Additionally, Landlord shall build a case opening to connect suite 705 and suite 700; -Suite 420 – Demo walls per a mutually agreed upon plan, and provide new paint, carpet and lighting; -Suite 430 – Provide new paint in the suite. <p>All new lighting installed in the Expansion Premises will match the recent new lighting that was done in suite 450 and all improvements shall be code compliant.</p> <p>In addition to the above improvements outlined above, Landlord shall deliver the Expansion Premises with HVAC in good working order along with distribution throughout the space consistent with code.</p> <p>Landlord to deliver space 4 months from City Clerk's attestation. If LL fails to deliver the space, Tenant may abate rent for 50%of that period applied to rent or terminate the lease.</p>
PARKING	<p>Tenant shall lease parking spaces at a ratio of three spaces per one thousand (3:1,000) square feet leased with a breakdown of one per thousand (1:1,000) "Must take" at the on-site parking structure, and two per thousand (2:1,000) "May take" at the off-site Angelus Temple parking structure located across the street on Glendale Blvd. Tenant shall pay monthly discounted prevailing rates equal to which are currently \$110 per unreserved stall, and \$150 per reserved stall, and such parking rates shall not increase by more than 3% per annum. Tenant's parking shall be abated in the same months during the Base Rent Abatement period outlined above. Additionally, the monthly payment for parking shall be made via the monthly rent check. To be further defined in a lease.</p> <p>Additionally, Landlord shall endeavor to install two of EV charging stations</p>

within the on-site parking structure which shall be available to all tenants of the building on a first come, first serve basis.

UTILITIES

Landlord shall be responsible for all utilities

CUSTODIAL

Landlord shall be responsible

SECURITY

Landlord shall be responsible, tenant may have its own security

PROP 13
PROTECTION

None

INSURANCE
(City)

Tenant shall have the right to self-insure.

OTHER:

Subordination Non-Disturbance Agreement: Landlord shall endeavor to provide Tenant with a non-disturbance agreement from the existing lender.

EV Station: Additionally, Landlord shall endeavor to install two of EV charging stations within the on-site parking structure which shall be available to all tenants of the building on first come, first serve basis.

PRINT:

SIGNATURE: