

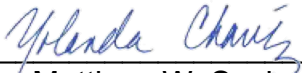
0150-13178-0000

TRANSMITTAL

TO The City Council	DATE 04-17-26	COUNCIL FILE NO. -
FROM Municipal Facilities Committee		COUNCIL DISTRICT 2

At its meeting held on April 16, 2026, the Municipal Facilities Committee approved the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a lease amendment with Milan Rei VIII, LLC, for the Los Angeles Housing Department (LAHD) office space at 6400 Laurel Canyon Boulevard, Suite 610. The proposed lease amendment reduces rent cost and extends the term. The term of the lease amendment is five years from September 1, 2026 to August 31, 2031, with one five-year option to extend.

Fiscal Impact: There is no General Fund impact. The leasing expenses will be funded by LAHD’s Rent Stabilization Trust Fund (Fund No. 440), Systemic Code Enforcement Fund (Fund No. 41M), and the Just Cause Ordinance Enforcement Fund (Fund No. 67W).



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

MWS:AW:05260128

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

April 16, 2026

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

Attention: Adam Lid, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE AMENDMENT WITH MILAN REI VIII FOR OFFICE SPACE AT 6400 LAUREL CANYON, SUITE 610, LOS ANGELES

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement with the Milan Rei VIII (Milan) for 8,661 rentable square feet (sf) of space at 6400 Laurel Canyon, Suite 610, Los Angeles for use by the Los Angeles Housing Department (LAHD) in Council District 2. The proposed amendment will extend the lease term and reflect more favorable terms in rent.

BACKGROUND

On August 26, 2016, the City of Los Angeles executed lease agreement C-126153, (CF 14-1315) for office space at 6400 Laurel Canyon for five years from August 26, 2016 to August 25, 2021. A First Amendment extended the lease for five years with one five-year option to extend from September 1, 2026 to August 31, 2031. The current term expires August 31, 2026. However, GSD did not exercise the option and renegotiated the terms and conditions of the lease agreement. GSD confirmed with LAHD regarding the need for an extension at the site to support their operations.

The negotiated and updated business terms clarified under this amendment also includes rent abatement and waiver of Common Area Maintenance (CAM) charges for the first 12 months of the new term.

TERMS AND CONDITIONS

The proposed amendment extends the term for 60 months starting September 1, 2026 through August 31, 2031. The rent will be reduced to \$2.50 per square foot (PSF) from the current rent of \$2.81 PSF or \$24,337.41. Annual increases will be 3%. Additionally, GSD negotiated to renew the Base Year to 2026, which would remove the Operating



Expenses for the initial 12 months along with three months of rent abatement (\$64,957.50). The one-time, three-month rent abatement credit will be effective for October, November, and December of 2026. Lastly, the Landlord has provided another 5-year extension option. Additional terms and conditions are detailed in the attached term sheet.

MARKET ANALYSIS

Lease comparables for this location are included in the table below.

Note: Comparative rates are within one mile of the location.

6400 Laurel Canyon #610	Monthly Rent (per sf)	SF
6400 Laurel Canyon	\$2.45 + FSG	8,000 - 10,000
11702 Victory	\$3.50 + FSG	10,800
5352 Laurel Canyon	\$3.75 + FSG	3,394
Total Average	\$3.23	
Proposed Rent*	\$2.50	

*Proposed Rent is less than 29% below market range of comparables in the area.

FISCAL IMPACT


There is no impact to the General Fund as leasing expenses will be paid by the LAHD using monies available within the Rent Stabilization Trust Fund (Fund No. 440), Systemic Code Enforcement Fund (Fund No. 41M), and the Just Cause Ordinance Enforcement Fund (Fund No. 67W). Fiscal Year 2026-27 rent costs were anticipated to be \$322,627 for this location, which includes base rent and CAM. The renegotiated lease includes monthly costs for base rent estimated at \$21,652.50 and three months of abated rent (\$64,957.50) totaling \$200,242.32 for FY 2026-27 which results in a savings of \$91,806.50.

Proposed 2026-27 Special Fund Costs at 6400 Laurel Canyon Blvd.					
	2026-27 Monthly Current Rate	2026-27 Monthly Proposed New Rate	2026-27 Estimated Annual Costs (New Rate)	2026-27 Annual Funding (Current Rate)	2026-27 Estimated Savings
Rent	\$24,337.41	\$21,652.50	*\$265,199.82	\$292,049.00	
CAM	\$2,548.17			\$30,578.04	
Rent Abatement (mos 2,3,4)			-\$64,957.50		
TOTAL	\$26,885.58	\$21,652.50	\$200,242.32	\$322,627.04	\$91,806.50

*(10 mos at new rent \$21,652.50/mo and 2 months of current rent \$24,337.41/mo)

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a lease amendment with Milan Rei VIII, LLC for the continued use of office space located at 6400 Laurel Canyon Blvd, Los Angeles, CA 91606 for LAHD use under the terms and conditions substantially outlined in this report.


Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

DATE

April 16, 2026

LANDLORD

Milan REI VIII, LLC

ADDRESS

701 S. Parker Street, Suite 5300 Orange, CA 92868

TENANT

City of Los Angeles - GSD

ADDRESS

111 East First Street, Room 201, Los Angeles, CA 90012

LOCATION ADDRESS

6400 Laurel Canyon Boulevard

USE

Office

SQUARE FEET

8,661 rentable square feet (RSF)

EARLY POSSESSION

N/A

TERM

60 months

LEASE
COMMENCEMENT
DATE

September 1, 2026

LEASE EXPIRATION
DATE

August 31, 2031

RENT START DATE

September 1, 2026

RENT

Base Rent: \$2.50 PSF

AGREEMENT TYPE

Full-service Gross w/ 2026 Base Year, no OPEX for the first 12 months of the lease

RENT INCREASES

3% annual increases

HOLDOVER

Same as current lease agreement - 102.5%

SUBLET/
ASSIGNMENT

Same as current lease agreement - With landlord approval

RENEWAL OPTION

OPTION	60 months - 1 - 5-year option
DATES	September 1, 2031 – August 31, 2036
OPTION RENT / ESCALATION	\$2.90 PSF w/ 3% annual increases
OPTION RENT - RENT SCHEDULE	See above - Option Rent
RENT ABATEMENT	3 Months - Months 2, 3 and 4
OPEX - CAM	2026 Base Year - No Opex for the first 12 months, Controllable costs to be capped at 10% annually
LATE FEE	None
PROPERTY TAX	None
PROPERTY INS.	Per the current lease Article 16 - Each party to indemnify
ADDITIONAL RENT	Per the current lease, however reset Base Year to 2026
PARKING - NUMBER OF PASSES	Per the current lease - confirmed number of parking spaces with LAHD - 32
MONTHLY PARKING COST	Not included as lease costs, LAHD pays directly to 3rd party parking vendor
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR: LANDLORD	Landlord responsible for all building maintenance
MAINTENANCE/ REPAIR: TENANT	The City shall only be responsible for maintaining the interior of the Premises in good order and repair.
TENANT IMPROVEMENTS: ALLOWANCE/SCOPE	N/A
UTILITIES	Landlord
CUSTODIAL / LANDSCAPING	Landlord

SECURITY

Landlord

PROP 13

N/A

INSURANCE
(CITY)

City is self-insured

INSURANCE
(OTHER PARTY)

To be further defined in the agreement

OTHER:

PRINT:

SIGNATURE: