

0150-12203-0001

TRANSMITTAL

TO The City Council	DATE 06-10-26	COUNCIL FILE NO. 23-1022
FROM Municipal Facilities Committee	COUNCIL DISTRICT 1	

The attached report from the Department of General Services (GSD) was waived by the Municipal Facilities Committee and is hereby transmitted to Council for consideration.

Adoption of the report would authorize GSD to negotiate and execute a no-cost lease agreement with John Wesley Center for Health Institute, Inc., to operate an interim housing site at 503 San Fernando Road. The lease term is three years, effective upon substantial completion and certificate of occupancy, with a one-year option to extend.

Fiscal Impact: There is no immediate impact to the General Fund as a result of the recommendations in this report. On June 8, 2026, the Mayor and Council approved the Fiscal Year 2026-27 Annual Homelessness Funding report (C.F. 23-1022-S33) which allocated \$2,079,040 to support services at the site, through June 30, 2027. No funding is provided for leasing, since the site is owned by the City and this is a no-cost agreement.



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

MWS:AW:05260172

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

June 8, 2026

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 TO NEGOTIATE AND EXECUTE A LEASE WITH JOHN WESLEY CENTER FOR HEALTH (JWCH) AT 503 N. SAN FERNANDO ROAD TO OPERATE AN INTERIM HOUSING SITE

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement with John Wesley Center for Health Institute, Inc. (JWCH) (Operator), a 501(c)3, to operate an interim housing site located at a City owned property located at 503 N. San Fernando Road Los Angeles, CA 90031 in Council District 1.

BACKGROUND

On March 17, 2026, the Mayor and City Council approved the City Administrative Officer's (CAO) Fiscal Year 2025-2026 Third Homelessness Funding Report (CF: 23-1022-S27). The report authorized GSD to enter into a lease agreement with John Wesley Center for Health (JWCH) to operate the interim housing site. The property is under construction by the Bureau of Engineering and anticipated to be completed by the end of July 2026. The site is under the Bureau of Street Services (StreetsLA) jurisdiction and Streets LA approves of the development and use of the site.

The tiny home village will include approximately 64 beds on an irregularly shaped parcel, approximately 21,000 square feet (sf), that is currently undeveloped. The interim housing facility includes up to 16 prefabricated modular units that include a bathroom, closets, beds for up to three people, and continuous decking surrounding the units; administrative units combined with laundry facilities, two administrative offices for counseling, a pet relief and run area, outdoor seating with umbrellas, an eight-foot high perimeter fence with privacy slats, a guard booth, a 20-foot fire access road, and potentially a new fire hydrant. Utility work including electrical, water, and sewer will be needed to provide service to the facility.

TERMS AND CONDITIONS

The no cost lease term will be effective upon substantial completion and certificate of occupancy and expires three years from that date. The City shall have the unilateral right to terminate the lease with 30-day written notice. A complete set of terms and conditions are outlined on the attached term sheet.



SHELTER SERVICES

JWCH Institute Inc. is a private non-profit health agency that was established in 1960 by concerned L.A. County physicians. These staff physicians sought to establish an agency that could obtain additional funds to support and augment patient care, education, and research at the John Wesley facility.

The mission of JWCH Institute is to improve the health status and well-being of under-served segments of the population of the Los Angeles area through the direct provision or coordination of health care, health education, services, and research. The mission is being accomplished through a variety of programs and activities, such as medical outreach and referrals for medical care, HIV services and drug treatment, health education, psychosocial assessment and intervention, primary medical care, family planning services, and research.

BUILDING MAINTENANCE, UTILITIES AND LANDSCAPING

The City shall maintain major plumbing and mechanical systems serving the entire site. The Operator, at Operator's expense, shall hire a licensed, bonded service contractor to address issues involving electrical as stated below including the switchgear with additional notice to the City. In cases of emergency or structural failure, GSD through Building Maintenance Division (BMD) shall remain available to provide emergency assistance.

The Operator shall be responsible for daily routine maintenance, including janitorial services, annual preventative maintenance, including but not limited to: interior electrical systems and light fixtures, fire life safety systems, smoke detectors including coordinating annual Reg-4 testing with the City, fire extinguishers, and maintenance/repairs to sprinkler heads and associated fire life safety components.

The City's responsibility with respect to the maintenance and repair of the plumbing systems will be from the meter to the backflow device, and the outside connection to the main sewer line. The Operator shall also be responsible for plumbing including localized plumbing and drain backups (not affecting main lines), annual backflow testing, pest control, damage caused by negligent or intentional acts or omissions of the Operator or its parties, including repair or replacement of fixtures, outlets, plumbing, appliances and HVAC systems.

Furthermore, the Operator shall maintain the following:

- Electrical Systems - All electrical components including the switchgear, distribution panels, outlets, lighting, and fixtures. All work must be done using a licensed bonded electrical service contractor at Operator's expense.
- HVAC Systems- Including ductless HVAC units, if any are installed at the site.
- All plumbing fixtures such as faucets, sinks, shower valves, trap primers, hose bibs, flush valves and water heaters. Additionally, the Operator shall also be responsible for shower pans, and floor/area drains.
- All locks, keys, and any associated repairs or requests, including those related to new staff onboarding or transitions between service providers.
- All utilities and landscaping at the site.

ENVIRONMENTAL

Through the City Administrative Officer report, dated August 1, 2024 (C.F. 23-1022-S6), approved by the Council and Mayor on August 22, 2024, it was determined that the construction, lease, and operation of the residential interim housing/navigation center at 503 San Fernando Road, for

those experiencing homelessness, is statutorily exempt from the California Environmental Quality Act (CEQA) under Public Resources Code (PRC) Section 21080.27, Government Code Section 65660(b), applicable to City of Los Angeles (City) low barrier navigation centers; Government Code Section 8698.4, governing homeless shelter projects under a shelter crisis declaration; and PRC Section 21080(b)(4) and State CEQA Guidelines, 14 California Code of Regulations (CCR) Section 15269(c), as specific actions necessary to prevent or mitigate an emergency.

FUNDING

On March 17, 2026, the Mayor and Council approved the FY 2025-26 Third Homelessness Funding report (C.F. 23-1022-S27) which allocated \$518,336 to support services at the site, through June 30, 2026. Services funding for FY 2026-27 will be included in a future CAO funding report. No funding for leasing is provided under this lease agreement since it is a no-cost agreement with JWCH to operate the interim housing site. There is no lease cost for the property use as it is City-owned property.

GSD works with the CAO on a case-by-case basis to fund ongoing costs and repairs.

FISCAL IMPACT

There is no impact 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 GSD to negotiate and execute a lease agreement with the John Wesley Center for Health Institute, Inc. to operate an interim housing site located at 503 N. San Fernando Road, Los Angeles, CA 90031 under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE

June 5, 2026

LANDLORD

City of Los Angeles - GSD

ADDRESS

111 1st Street, Los Angeles, CA 90012

TENANT

JWCH, Inc.

ADDRESS

5650 Jillson St. Commerce, CA 90040

LOCATION ADDRESS

503 N. San Fernando Road

USE

Interim Housing

SQUARE FEET

21,000 SF

EARLY POSSESSION

N/A

TERM

36 months

LEASE
COMMENCEMENT
DATE

Upon City Clerk's Attestation

LEASE EXPIRATION
DATE

36 months from Lease Commencement Date

RENT START DATE

N/A

RENT

N/A

AGREEMENT TYPE

Lease

RENT INCREASES

N/A

HOLDOVER

MTM

SUBLET/
ASSIGNMENT

Subject to City's consent and approval

RENEWAL OPTION

NOTICE PERIOD

Six (6) months prior notice from the lease expiration date

TERM	1 year each
DATES	1 year from Lease Expiration Date
OPTION RENT / ESCALATION	N/A
OPTION RENT - RENT SCHEDULE	N/A
RENT ABATEMENT	None
OPEX	Tenant responsible for all utilities, custodial, landscaping, security, routine maintenance, and minor repairs
LATE FEE	N/A
PROPERTY TAX	None
PROPERTY INS.	Tenant required to maintain general liability insurance subject to Risk Management requirements.
ADDITIONAL RENT	N/A
PARKING - NUMBER OF PASSES	Parking as available on site.
MONTHLY PARKING COST	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR: LANDLORD	See below.
MAINTENANCE/ REPAIR: TENANT	<p>The City shall maintain major building systems that service the entire project, limited to major plumbing and mechanical systems. The Operator, at Operator's expense, shall contact a licensed, bonded electrical service contractor to address issues electrical service including the switchgear with additional notice to the City. In cases of emergency or structural failure, GSD through Building Maintenance Division (BMD) shall remain available to provide emergency assistance.</p> <p>The Operator shall be responsible for daily routine maintenance, including janitorial services, annual preventative maintenance, including but not limited to: Electrical systems and light fixtures, fire life safety systems, smoke detectors including coordinating annual Reg-4 testing with the City, fire extinguishers, and maintenance/repairs to sprinkler heads and associated components.</p>

The City's responsibility with respect to the maintenance and repair of the plumbing systems will be from the meter to the backflow device, and the outside connection to the main sewer line.

The Operator shall also be responsible for plumbing including localized plumbing and drain backups (not affecting main lines), annual backflow testing, pest control, damage caused by negligent or intentional acts or omissions of the Operator or its parties, including repair or replacement of fixtures, outlets, plumbing, appliances and HVAC systems.

Furthermore, the Operator shall maintain the following:

- Electrical Systems- All electrical components including the switchgear, including distribution panels, outlets, lighting, and fixtures.
- HVAC Systems- Including ductless HVAC units, if any are installed at the site.
- All plumbing fixtures such as faucets, sinks, shower valves, trap primers, hose bibs, flush valves and water heaters. Additionally, the Operator shall also be responsible for shower pans, and floor/area drains.
- All locks, keys, and any associated repairs or requests, including those related to new staff onboarding or transitions between service providers.
- Operator is also responsible for all utilities and landscaping at the site.

TENANT
IMPROVEMENTS:
ALLOWANCE/SCOPE

None – Premises accepted “as is”.

UTILITIES

Tenant responsible for all utilities

CUSTODIAL /
LANDSCAPING

Tenant responsible for custodial services and landscaping

SECURITY

Tenant provides 24/7 on-site security

PROP 13

N/A

INSURANCE
(CITY)

Per Risk Management

INSURANCE
(OTHER PARTY)

- Per Risk Mgmt.:
- \$5,000,000 per occurrence
 - Coverage must include premises, contractual, personal injury, products, fire-legal liability, etc
 - The City and its boards/commissions must be named as additional insureds
 - Proof of insurance must be provided before possession and upon City's request
 - To be further defined in sublease agreement

OTHER:

The City shall have the unilateral right to terminate the sublease with 30 day written notice.

PRINT:

SIGNATURE: