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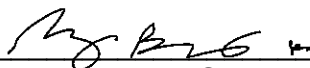
TRANSMITTAL

TO The City Council	DATE 08-05-26	COUNCIL FILE NO. 23-1022
FROM Municipal Facilities Committee	COUNCIL DISTRICT 4	

The Municipal Facilities Committee (MFC) approved the recommendation of the attached General Services Department (GSD) report on July 30, 2026, which is hereby transmitted for Council consideration.

Adoption of the report would authorize GSD to negotiate and execute a ground lease agreement between the City and L&R Construction, Inc., and a sublease agreement with People Assisting the Homeless (PATH), to operate a bridge housing facility, with 26 family units, at 3061 Riverside Drive in Council District 4 (CD 4). The site has been in operation since April 2021, with a five-year lease that expired in April 2026. This report recommends executing a new two-year lease, 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. The Fiscal Year (FY) 2025-26 Fourth Homelessness Funding Report (C.F. 23-1022-S29) and the FY 2026-27 Annual Homelessness Funding Report (C.F. 23-1022-S33), approved by the Mayor and Council on May 8, 2026, and June 8, 2026, respectively, allocated a total of approximately \$1.3 million in Homeless Housing, Assistance Prevention (HHAP) grant funds to support operations at this site. The FY 2026-27 Annual Homelessness Funding Report allocated \$419,430 in HHAP grant funds to support leasing costs through June 30, 2027. There is a potential future impact to the General Fund relative to supporting the lease once the HHAP grant funds are depleted or the grant expenditure authority expires.



Matthew W. Szabo
Chair, Municipal Facilities Committee

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
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(213) 928-9555
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July 30, 2026

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

Attention: Sharon Gin, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE
A LEASE AGREEMENT WITH L&R CONSTRUCTION, INC. AND
A SUBLEASE WITH PEOPLE ASSISTING THE HOMELESS (PATH), TO OPERATE
AN INTERIM HOUSING SITE AT 3061 RIVERSIDE DRIVE, LOS ANGELES CA 90027**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease agreement with L&R Construction, Inc. ("Landlord") of the property and a subsequent sublease with People Assisting the Homeless (PATH), a 501(c)(3) nonprofit organization ("Lessee"), for the property located at 3061 Riverside Drive, Los Angeles, CA 90027, in Council District 4 (CD 4).

BACKGROUND

On April 3, 2020, the City Council approved a report (C.F. 19-1397) from the Municipal Facilities Committee to negotiate and execute a five-year lease with L&R Construction, Inc. for approximately 11,764 square foot (s.f.) industrial site in Council District 4 (CD4) for use as an interim housing facility. L&R Construction, Inc., the owner, developed and constructed the tenant improvements according to the City's plans and the Bureau of Engineering (BOE). The site has been in operation since late 2021. The original lease had a 5-year option. However, CAO directed a shorter term and not to exercise the option.

In addition, through a sublease, PATH operates the site that was repurposed into an interim housing facility for families. The site includes approximately 26 separate family units and nine communal restrooms. Other amenities include a dining area, multipurpose rooms, community room, meal prep area, playroom and an outdoor playground.

The current lease with L&R Construction, Inc. expired on April 14, 2026. GSD was awaiting direction from Council and CAO on the extended use of the site. Under Council's direction, (CF#19-1397-S1) GSD was directed to extend the lease for up to three additional years.



TERMS AND CONDITIONS

The lease with L&R Construction, Inc, the Landlord, is for two years with a one-year option to renew. The base rent will be \$35,000 for year one and \$36,050 for year two. The City negotiated a right to terminate after the first year with four months' notice. Furthermore, the City retains an option to extend for another year at 3% increase at \$37,131.50 per month. The current monthly rent is \$34,890.77.

The sublease with PATH has no rent and will commence concurrently with the master lease. The City will have the unilateral right to terminate.

A complete set of terms and conditions are outlined on the attached term sheets.

SHELTER SERVICES

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.

Although PATH will operate as the provider on site in accordance with the LAHSA services agreement, it is important to note that the service contract with PATH for this site has not yet been fully executed. The agreement remains pending finalization, and LAHSA continues to work with the selected operator to complete all required contractual steps. Until the service contract is formally executed, program operations are being maintained under interim arrangements to ensure continuity of services while upholding all applicable City oversight and compliance requirements.

The lease between the City and L&R along with the sublease with PATH will be contingent upon the full execution of the service contract.

BUILDING MAINTENANCE, UTILITIES AND LANDSCAPING

The Landlord, L&R Construction, Inc., will be responsible for maintenance and repair of the structural portions of the building, parking lot, sewer connections, fences, and building systems including HVAC and roof.

The Landlord shall maintain major building systems that service the entire project, limited to major plumbing, electrical, and mechanical systems. In cases of emergency or structural failure, GSD through the Landlord may be available to provide emergency assistance on an as needed basis.

PATH 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, HVAC, fire extinguishers, and maintenance/repairs to sprinkler heads and associated components.

PATH shall be responsible for the electrical system limited to the infrastructure up to the main switchgear. PATH's responsibility with respect to the maintenance and repair of the plumbing systems will be for within the Premises and the Landlord will be responsible from the meter to the backflow device, and the outside connection to the main sewer line. PATH 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 PATH or its parties, including repair or replacement of fixtures, outlets, plumbing appliances and HVAC maintenance within the premises.

Furthermore, PATH shall maintain the following:

- Decking—including ADA ramps—if applicable, PATH shall be responsible for all necessary repairs to these areas.
- Electrical Systems- All electrical components up to the switchgear, including distribution panels, outlets, lighting, and fixtures.
- All plumbing fixtures such as faucets, sinks, shower valves, trap primers, hose bibs, flush valves and water heaters. Additionally, PATH 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 transit shall be under PATH's control and responsibility.

ENVIRONMENTAL

Through the Motion (Raman - Soto-Martinez), dated May 2026 (C.F. 19-1397-S1), approved by City Council June 17, 2026, it was determined that the funding allocation, lease, and continued use for a period of up to three years for the Bridge Housing (ABH)/Low Barrier Navigation Center at 3061 W. Riverside Drive for those experiencing homelessness, are statutorily exempt from CEQA under PRC Section 21080.27.5, applicable to low barrier navigation centers; and Government Code Section 8698.4(a)(4) governing homeless shelter projects under a shelter crisis declaration.

FUNDING

On April 29, 2026, the Mayor concurred with the City Council's approval of the FY 2025-26 Fourth Homelessness Funding report (C.F. 23-1022-S33), which allocated \$322,920 of Homeless Housing, Assistance Prevention Round 4 (HHAP-4) grant funds to support the operations of 26 family units located at this A Bridge Home site through June 30, 2027. A total of \$1,281,150 is allocated to support FY 2026-27 operations.

Additionally, on June 8, 2026, the Mayor concurred with the City Council's approval of the FY 2026-27 Annual Homelessness Funding report (C.F. 23-1022-S33), which allocated \$958,230 of Homeless Housing, Assistance Prevention Round 6 (HHAP-6) grant funds to support the operations of 26 family units located at this A Bridge Home site through June 30, 2027. The FY 2026-27 Annual Homelessness Funding Report also recommended \$419,430 in HHAP-6 funds to support leasing costs at the site through June 30, 2027.

FISCAL IMPACT

There is no impact to the General Fund as a result of the recommendations in this report. Homeless Housing, Assistance and Prevention Grant funds are utilized and may continue to fund the ongoing services and leasing for this program.

There is no revenue generated from the sublease with PATH since they are providing services at this location.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor:

1. FIND, pursuant to the Los Angeles City Charter Section 371(e)(10) and Administrative Code Section 10.15(a)(10), that the use of competitive bidding would be undesirable and impractical for this contract. PATH has operated as a trusted partner of the City at this location, providing essential housing and supportive services. PATH's continued operation ensures stability for vulnerable populations and avoids service disruption, which could result from transitioning to a new provider. Their deep-rooted community engagement, proven track record, and established infrastructure make them uniquely qualified to continue providing these critical services at this site.
2. AUTHORIZE the Department of General Services to negotiate and execute a ground lease agreement based on the revised terms and conditions with L&R Construction, Inc. and a sublease with People Assisting the Homeless (PATH) for the use of the interim housing site located at 3061 Riverside Drive Los Angeles, CA 90027 under the terms and conditions as substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: L&R Term Sheet
PATH Term Sheet

LEASING TERM SHEET

MFC DATE	July 30, 2026
LANDLORD	L&R Construction, Inc.
ADDRESS	620 N. Brand Blvd. Suite 402 Glendale, CA 91203
TENANT	City of Los Angeles - GSD
ADDRESS	111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012
LOCATION	3061 Riverside Drive Los Angeles, CA 90027
AGREEMENT TYPE	Lease Agreement
SQUARE FEET	11,764 SF
TERM	2 years
RENT START DATE	Upon City Clerk's Attestation
LEASE START DATE	Upon City Clerk's Attestation
OPTION TERM	1 year - Option Rent - \$37,131.50
HOLDOVER	MTM, as the current lese
SUBLET/ ASSIGNMENT	Right to assign - subject to Landlord approval, as the current lease
TERMINATION	City shall have a right to terminate the lease after year 1 with 4 months notice.
RENTAL RATE	Year 1 - \$35,000.00. Year 2 - \$36,050.00
ESCALATION	See rent schedule above
RENTAL ABATEMENT	None
ADDITIONAL RENT	None
PROPERTY TAX	None
OPEX	None

CAM	None
OTHER	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	The Landlord shall maintain major building systems that service the entire project, limited to major plumbing, electrical, and mechanical systems. The City's Site Operator, PATH (Operator or PATH) at Operator's expense, shall contact a licensed, bonded electrical service contractor to address issues electrical service not including the switchgear with additional notice to the City and Landlord, as needed. The City's Site Operator, PATH shall be responsible for daily routine maintenance, including janitorial services, annual preventative maintenance, including but not limited to: Electrical systems that directly serve the premises and light fixtures, fire life safety systems, smoke detectors including coordinating annual Reg-4 testing, fire extinguishers, and maintenance/repairs to sprinkler heads and associated components. The Landlord'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, PATH 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 that serve the premises. Furthermore, the Operator shall maintain the following: • Electrical Systems- All electrical components not including the switchgear, but including distribution panels, outlets, lighting, and fixtures. • HVAC Systems- Including and limited 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. • Decking —including ADA ramps— if applicable, PATH shall be responsible for all necessary repairs to these areas.
TENANT IMPROVEMENTS	None
PARKING	As Available on site

UTILITIES	Tenant - Operator, PATH responsible for all utilities
CUSTODIAL	Tenant (through City's Site Operator, PATH)
SECURITY	City's subtenant (Site Operator), PATH shall be responsible for security on site
PROP 13 PROTECTION	N/A
INSURANCE (City and Tenant)	Tenant shall indemnify and hold harmless Landlord subject to CAO Risk Management Per Risk Mgmt.: - \$5,000,000 per occurrence or as determined by Risk Management - 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:	
PRINT:	
SIGNATURE:	

LEASING TERM SHEET

MFC DATE	July 30, 2026
LANDLORD	City of Los Angeles - GSD
ADDRESS	111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012
TENANT	People Assisting the Homeless (PATH), (Operator)
ADDRESS	340 N. Madison Ave. Los Angeles, CA 90004
LOCATION	3061 Riverside Drive Los Angeles, CA 90027
AGREEMENT TYPE	Sublease Agreement
SQUARE FEET	11,764 SF
TERM	Two Years
RENT START DATE	None
LEASE START DATE	Upon City Clerk Attestation
OPTION TERM	1 year
HOLDOVER	MTM
SUBLET/ ASSIGNMENT	Right to assign - subject to Landlord approval
TERMINATION	30 days with notice - per the current agreement
RENTAL RATE	None - no change from current agreement
ESCALATION	None - no change from current agreement
RENTAL ABATEMENT	None - no change from current agreement
ADDITIONAL RENT	None - no change from current agreement
PROPERTY TAX	None - no change from current agreement
OPEX	None - no change from current agreement

CAM	None - no change from current agreement
OTHER	None
SECURITY DEPOSIT	None - no change from current agreement
MAINTENANCE/ REPAIR	The Master Landlord (L&R Construction, Inc.) shall maintain major building systems that service the entire project, limited to major plumbing, electrical, and mechanical systems. The Operator, PATH at Operator's expense, shall contact a licensed, bonded electrical service contractor, as needed to address issues electrical service not including the switchgear with additional notice to the City and Master Landlord, as needed. The Operator, PATH shall be responsible for daily routine maintenance, including janitorial services, annual preventative maintenance, including but not limited to: Electrical systems that solely serve the premises and light fixtures, fire life safety systems, smoke detectors including coordinating annual Reg-4 testing, fire extinguishers, and maintenance/repairs to sprinkler heads and associated components. The Master Landlord'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, PATH 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, and appliances. Furthermore, the Operator shall maintain the following: • Electrical Systems- All electrical components not including the switchgear, but including distribution panels, outlets, lighting, and fixtures. • HVAC Systems- Including HVAC that serves the premises including maintenance. • 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. • Decking —including ADA ramps— if applicable, PATH shall be responsible for all necessary repairs to these areas.
TENANT IMPROVEMENTS	None
PARKING	As Available on site

UTILITIES

Tenant,

CUSTODIAL

Tenant

SECURITY

Tenant

PROP 13
PROTECTION

N/A

INSURANCE
(City and Tenant)

Per Risk Management: Tenant shall indemnify and hold harmless the City consistent with Risk Management guidelines

Per Risk Mgmt.:

- \$5,000,000 per occurrence, confirmed with Risk Management, subject to change
- 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:

PRINT:

SIGNATURE: