



**THE PORT  
OF LOS ANGELES**  
Executive Director's  
Report to the

Board of Harbor Commissioners

**DATE: OCTOBER 4, 2019**

**FROM: CARGO & INDUSTRIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - APPROVE REVOCABLE PERMIT  
BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND  
THE CITY OF LOS ANGELES GENERAL SERVICES DEPARTMENT**

**SUMMARY:**

Staff requests approval of the proposed Revocable Permit with the City of Los Angeles General Services Department (GSD) for a term of 42 months from the issuance of the Certificate of Occupancy but shall be no later than August 31, 2023. The Revocable Permit will grant GSD the right to use 1.08 acres of City of Los Angeles Harbor Department (Harbor Department) land consisting of a fenced and paved parking lot and an office/bathroom structure for the purpose of constructing and operating a temporary homeless bridge facility in the community of Wilmington. The facility will accommodate up to 100 people experiencing homelessness in temporary accommodations while permanent housing or other services for them are identified. Compensation to the Harbor Department will be \$125.00 per year, based upon the State Lands Commission's minimum rent regulations for a public agency permit under California Code of Regulations (CCR) § 2003(b)(7). Total compensation for the initial 42-month term is \$437.50. Any extensions beyond 42 months require approval by the Board of Harbor Commissioners.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management had determined that the proposed action is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) of the Los Angeles City CEQA Guidelines;
2. Find that it is in the best interest of the City of Los Angeles Harbor Department to waive the Port of Los Angeles Leasing Policy;
3. Find that there is no immediate need for a public trust-compliant use at this location and the proposed use will not substantially interfere with public trust needs and values for the limited term of the proposed use;
4. Find that the use as a temporary accommodations facility is a temporary, interim use;
5. Find that the temporary accommodations facility provides an important public benefit;
6. Approve the Revocable Permit with the City of Los Angeles General Services Department;

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7. Authorize the Executive Director to execute and the Board Secretary to attest to the Revocable Permit; and
8. Adopt Resolution No. \_\_\_\_\_

**DISCUSSION:**

Background – In April 2018, the Mayor and the City Council declared a shelter crisis in the City of Los Angeles. According to the 2019 Greater Los Angeles Homeless Point in Time Count released by Los Angeles Homeless Services Authority (LAHSA), 36,300 homeless individuals reside in the City, 27,221 of whom are unable to be sheltered by existing homeless facilities. To respond to this crisis and the immediate need for shelter, the Mayor and Council allocated \$30 million dollars in the Fiscal Year (FY) 2018-19 Budget to establish temporary crisis and bridge housing facilities, with the goal of adding 50 to 100 new beds per Council District. In addition, \$51 million has been committed or reserved within the City of Los Angeles' Homeless Emergency Aid Program (HEAP) allocation from the State of California to construct and operate "A Bridge Home" sites.

Currently, there is a large population of unhoused individuals within the northeastern portions of the Port of Los Angeles (POLA) complex, where the interim transitional facility is being proposed. One of the primary areas of concern for the Harbor Department is the jointly-owned rail properties held by the POLA and the Port of Long Beach along the Alameda Corridor. Not only does this affect the Harbor Department's ability to transport cargo, but more importantly, it has raised serious human safety concerns. Furthermore, expenses related to homeless property incursions and encampment clean-ups have been escalating in recent years. In FYs 2017/2018 and 2018/2019, the Harbor Department has spent approximately \$76,644.00 in clean-up efforts and fence repairs along the Alameda Corridor on jointly-owned railroad property. This amount does not include the material and labor costs for the Harbor Department Cargo & Industrial Real Estate Division, Harbor Department Construction & Maintenance Division or the Port Police. In addition to the railroad properties, staff is continuously being requested to respond to encampments near the Dominguez Channel, Alameda Street, and several other Harbor Department owned properties in the eastern portions of Wilmington. It is estimated that these staff and material costs currently exceed \$200,000 in the past two years. Due to the shelter crisis, the homeless population has been residing on streets, sidewalks, freeway underpasses and anywhere else they can set up makeshift homes and often in areas close to active railroad tracks that are not safe. This, in turn, has caused widespread problems related to sanitation, trash, and public safety affecting not only the homeless, but those who live and work in the surrounding areas.

In an effort to achieve the goal of 50 to 100 new beds in Council District 15, the City Council identified 826 Eubank Avenue in Wilmington, a former ILWU parking lot and dispatch hall, as a potential site to host a temporary accommodations facility (Transmittal 1). The property includes 47,233 square feet (sf) of paved land as well as 817 sf of office space owned by the Harbor Department. Although not yet fully redesigned and environmentally tested, the Bureau of Engineering and other relevant City departments have determined this site is suitable for a tension membrane structure and modular trailers containing temporary housing beds for approximately 100 individuals. Proposed improvements to the land include a new electrical transformer, new sewer to the street, new water service to the property line, and recapping the site with asphalt. GSD has

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requested a lease term of 42 months from the issuance of the Certificate of Occupancy but shall be no later than August 23, 2023, at a rental rate of \$125.00 per year, for a total of \$437.50 over the proposed term.

Although temporary housing for the homeless is generally not consistent with traditional Public Trust purposes, the use will be temporary and the Harbor Department has no immediate need to utilize the property for a traditional public trust-compliant use. The property is located in a commercial district, in the northern most region of the Harbor District and has limited marine-related or visitor serving uses, with the exception of truck drayage. The temporary accommodations facility will work towards moving the homeless off the streets and transitioning them to a more permanent housing solution. This will not only combat the statewide crisis of homelessness but also increase public safety and sanitation and gradually diminish or eliminate Harbor Department costs associated with responding to encampments and clean-up efforts.

At the end of the 42-month term, the Board will reexamine the Revocable Permit (Transmittal 2) and its terms and conditions to determine the public's current and future Public Trust needs and values associated with the property.

**ENVIRONMENTAL ASSESSMENT:**

On July 3, 2019, the Los Angeles City Council determined that the Bridge Housing Project on Eubank Avenue, which allows the development and use of the property as a temporary shelter, is categorically exempt from the provisions of CEQA pursuant to State CEQA Guidelines Article 19, Section 15332 Class 32 Infill Development Projects. The proposed action is the approval of the proposed Revocable Permit with GSD for the purpose of constructing and operating temporary accommodations facility, which was previously assessed by the City of Los Angeles Bureau of Engineering. Therefore, the Director of Environmental Management has determined that the proposed action is statutorily exempt from the requirements of the CEQA in accordance with Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

The proposed Revocable Permit would generate \$437.50 in rent payable to the Harbor Department over the 42-month term. Staff has estimated that the premises covered by the proposed Revocable Permit would have a market value of \$2,125,485 and could potentially be rented at a rate of \$117,000 per year, or \$409,500 in aggregate potential rent over the 42-month term of the proposed Revocable Permit.

The proposed rent of \$437.50 over the permit term would represent a deviation from the Harbor Department's Leasing Policy. However, this deviation from the Harbor Department's Leasing Policy may be justified: (1) in light of the \$260,000 improvements GSD is anticipated to make to the land; (2) through application of the public benefit standard in California Code of Regulations (CCR) § 2003(e)(4); and (3) in recognition of the potential cost savings related to combatting local homelessness the Harbor Department may realize through GSD's Permitted Use of the premises.

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First, a portion of the forgone \$409,500 in aggregate potential rent will be offset in part by \$260,000 in improvements (GSD Improvements) that GSD is expected to make to the premises. Specifically, these improvements are anticipated to include \$95,000 for a new electrical transformer, \$65,000 for a new sewer to the street, \$82,000 for new water service to the property line, and \$18,000 for asphalt recapping of the premises. The GSD Improvements will not only make the premises suitable for the proposed Permitted Use, but will also recondition the site for future use or sale. GSD has agreed that it will not seek reimbursement from the Harbor Department for these improvements at the termination of the Revocable Permit. Aggregate potential rent, net of the GSD Improvements, over the 42-month term is estimated to be \$149,500.00.

Second, with respect to \$149,062.50 of the aggregate potential rent, California Code of Regulations § 2003(e)(4) provides the California State Lands Commission a variety of ways to consider calculating rent for public lands, one of which states:

*“Rent may be discounted or waived for use of sovereign lands if the [State Lands] Commission, at its sole discretion, determines that a significant regional or statewide public benefit is provided or accrues from such use.”*

As previously discussed, due to a lack of available housing, the local homeless population has been residing in makeshift homes located in or near unsafe areas such as the Alameda Corridor railroad tracks, the Dominguez Channel waterway and the Alameda Street roadway adjacent to the rail in the eastern portion of Wilmington. Well-functioning and unobstructed railroad tracks, waterways and roadways are vital to ensuring that cargo moves efficiently into and out of the Port of Los Angeles. The Port of Los Angeles is a major economic driver at the local, regional and national levels and a key generator of jobs, commerce and tourism in Southern California with nearly 1 million jobs related to trade through the Port. If the proposed Permitted Use of the premises leads to a reduction in makeshift homeless encampments in and around the Port's transportation network, and, if that reduction in encampments leads to more efficient movement of cargo, then that would represent a significant regional and statewide public benefit which would accrue as a result of that use. Furthermore, given the proposed permit's relatively short-term (42 months) nature and given that the proposed permit is revocable upon 120-days' notice, the Harbor Department can monitor whether the proposed Permitted Use of the premises meaningfully reduces makeshift encampments while avoiding a long-term commitment to this specific use. Therefore, CCR § 2003(e)(4) appears to support the application of a credit of \$149,062.50 related to the proposed Permitted Use.

Lastly, as previously discussed, over just a two-year period, the Harbor Department has directly incurred \$76,644.00 in clean-up and fence repair costs along the Alameda Corridor as well as indirect costs estimated to be in excess of \$200,000 in estimated staff and material costs in order to respond to issues associated with makeshift encampments throughout the Harbor area. If the proposed Permitted Use of the premises results in a reduction in makeshift encampments, then the Harbor Department may realize cost savings.

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**CITY ATTORNEY:**

The Revocable Permit has been reviewed and approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**

1. Site Map
2. Revocable Permit

FIS Approval: MB  
CA Approval: gm



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APPROVED:



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