



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: JULY 25, 2023

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVE REVOCABLE PERMIT NO. 23-11 BETWEEN THE CITY OF LOS ANGELES HARBOR DEPARTMENT AND THE CITY OF LOS ANGELES GENERAL SERVICES DEPARTMENT

SUMMARY:

Staff requests approval of successor Revocable Permit No. 23-11 (RP 23-11) with the City of Los Angeles General Services Department (GSD) for premises located at 826 Eubank Avenue in Wilmington. Under RP 23-11, GSD will continue to operate a transitional accommodation facility for unhoused individuals for a term not to exceed 42 months. RP 23-11 will serve as the successor to the existing revocable permit with GSD for this site, which expires on August 31, 2023.

Compensation to the Harbor Department will continue to be \$125 per year, based upon the California State Lands Commission's (SLC) minimum rent regulations for a public agency pursuant to California Code of Regulations (CCR) section 2003(b)(7) and (e)(4). Total rent over the 42-month term will be \$437.50.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(14) of the Los Angeles City CEQA Guidelines;
2. Find that entering into Revocable Permit No. 23-11 is in the best interest of the City of Los Angeles despite certain exceptions to the City of Los Angeles Harbor Department's Leasing Policy, Section VIII Rates, Fees and Charges;
3. Find that there is no immediate need for a public trust-compliant use at 826 Eubank Ave. in Wilmington 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

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benefit;

6. Approve Revocable Permit No. 23-11 with the City of Los Angeles General Services Department;
7. Authorize the Executive Director to execute and the Board Secretary to attest to the Revocable Permit No. 23-11; and
8. Adopt Resolution No. _____

DISCUSSION:

Background – On October 8, 2019, the Board approved Revocable Permit No. 18-16 with GSD for premises located at 826 Eubank Avenue in Wilmington (Transmittal No. 1) for purposes of operating a transitional facility for unhoused individuals. Although temporary housing is generally inconsistent with traditional Public Trust purposes, it was allowed under Revocable Permit No. 18-16 due to its temporary nature. Also, the Harbor Department had no immediate need to utilize the property for a Trust-compliant use. The rent due under Revocable Permit No. 18-16 is \$125.00 per year, consistent with the California State Lands Commission’s (SLC) minimum rent regulations for a public agency under the California Code of Regulations.

Following approval of Revocable Permit No. 18-16, GSD, through the Department of Public Works, Bureau of Engineering, replaced infrastructure at the Eubank property and constructed temporary structures to house individuals. In addition to the cost of the structures, GSD invested approximately \$260,000 in the site (i.e., new electrical transformer, sewer and water connections, and asphalt). These improvements added value to the land.

GSD has managed the site through a sublease to U.S. Vets, a 501(c)(3) non-profit that provides shelter and meals for the unhoused, with occupants being moved to more permanent residency as space opened for use. The facility has 100 beds and has been operational since July 2020.

Need for Successor Revocable Permit - The current Revocable Permit No. 18-16 terminates on August 31, 2023. Following Mayor Bass’ declaration of a state of emergency to address the homelessness crisis, GSD confirmed the City of Los Angeles has a continued need for the Eubank property beyond August 31, 2023, and requested an extension.

Staff consulted with SLC regarding an extension to Revocable Permit No. 18-16. SLC had no objection to a short-term extension; however, long-term, SLC indicated the Harbor Department should explore either selling the property to the City of Los Angeles or transacting a land swap of equal value. That property transaction is being pursued in parallel with the effort to extend GSD’s tenancy.

While the level of the rent due under proposed RP 23-11 is less than fair market value for the site, the public benefits accruing from GSD’s operations at this property would offset rent that would otherwise be due under a traditional lease arrangement. See

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Financial Impact Section.

History on Harbor Department's Ownership of Eubank Property - The Eubank property transferred ownership to the Harbor Department in June 2019 from the Pacific Maritime Association (PMA). The transfer of the site was tied to compensation reimbursement language within Permit No. 893, concerning the ILWU dispatch hall located on Alameda. The language stated that upon final completion of the ILWU Dispatch Hall, the land at 826 Eubank Avenue would be transferred from the PMA to the Harbor Department. Upon that transfer, the Harbor Department could either surplus sale the property, due to its location well north of the Port, or keep it and lease the site for a maritime purpose. See Transmittal No. 2.

Material Terms of Proposed Revocable Permit (Transmittal No. 3)

<u>Provision</u>	<u>Current</u> - Revocable Permit No. 18-16	<u>Proposed</u> - Revocable Permit No. 23-11
Term	Not to exceed forty-two (42) months subject to termination with 120 days' prior notice	Not to exceed forty-two (42) months subject to termination with 120 days' prior notice
Expiration date	August 31, 2023	February 28, 2027
Premises	47,217 square feet	No Change
Rent	\$125.00 per year, or portion thereof	No Change
Maintenance	GSD will be responsible for all maintenance during the term of the Revocable Permit	No Change
Restoration	<ol style="list-style-type: none"> 1. Restore the site to original condition, unless waived by Executive Director 2. Emergency Order on Premises 	<ol style="list-style-type: none"> 1. Restore the site to original condition, unless waived by Executive Director 2. Zoning and Emergency Order will be removed by City prior to returning premises to Harbor Department.
Subletting	Sublet only to U.S. Vets	Allow subletting to similar non-profit operators of bridge housing other than U.S. Vets.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the renewal of RP No. 23-11 with the City of Los

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Angeles GSD, which is the renewal of a permit to use an existing facility located at 826 Eubank Avenue involving no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(14) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed RP 23-11 (Transmittal 3) will enable GSD to continue operating the temporary housing facility on a month-to-month basis at 826 Eubank Avenue at a rate of \$125.00 per year, or \$437.50 over the 42-month maximum term.

Staff estimates that market rent at the site would be approximately \$4.75 per square foot per year, and, when applied to the 47,217 sq. ft. premises, potential Year 1 annual rent would be \$224,280.75. Assuming annual increases of 3 percent, total potential rent over the 42-month term has been estimated to be \$815,768.19.

The aggregate value of the public benefit attributable to State Lands' determination that the site provides a public benefit as a temporary housing facility can then be determined by subtracting the \$437.50 in rent due under RP 23-11 from the aggregate estimated potential rent of \$815,768.19 over a 42-month term noted above. Therefore, if RP 23-11 is in place over the maximum potential term of 42 months, the value of the public benefit has been estimated to be \$815,330.69.

CITY ATTORNEY:

Proposed Revocable Permit No. 23-11 has been reviewed and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Premises Location Map
2. PMA Permit No. 893 Lease Excerpt
3. Revocable Permit No. 23-11

FIS Approval: *MB*
CA Approval: *kfm*

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APPROVED:

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