

APPROVAL OF TWENTY-FIVE YEAR LEASE OF COUNTY-OWNED PROPERTY LOCATED AT 1110 W. AVENUE J., LANCASTER TO THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

The Los Angeles County Development Authority (LACDA) provides housing and public services to existing residents of the City of Palmdale (City). Since 2007, the LACDA has leased an administrative office in the City which has allowed LACDA to meet its primary goal, to support low- and moderate-income families residing in the Antelope Valley. The LACDA staff assisted over 7,218 clients in the Antelope Valley in 2023 and received 18,651 visitors at their current location. The number of clients assisted by LACDA staff in the Antelope Valley has grown exponentially in the past ten years and their current location is no longer adequate to support the increased number of clients.

The County of Los Angeles (County) owns property in the city of Lancaster, located at 1110 W. Avenue J, Lancaster, CA 93534 (Property), that was previously used as an administrative office by the Los Angeles County Public Defender, which has been vacant for more than a decade. LACDA has proposed to lease the Property from the County for a 25-year term through a lease agreement (Lease). This Property is an ideal location for the LACDA to provide its services to the residents of the Antelope Valley. LACDA will rehabilitate the Property for use as its Antelope Valley Administrative Office that will primarily house the LACDA’s Housing Assistance Division staff. The Property will also include parking for staff and clients.

LACDA has proposed to complete renovation of the Property with a construction budget between \$10 –\$12.5 million. The County, as consideration for LACDA renovating the Property during their Lease term, is prepared to abate LACDA’s monthly rent during the Lease term for the exact amount of construction funds that LACDA will expend for redevelopment of the Property. The Lease states LACDA’s rent commences at \$20,891.44 per month with a 3% annual escalation. However, if LACDA completes the renovation of the Property for a total of \$10 million or more, then LACDA will be able to abate rent for the entire Lease term, not including the 10-year extension option. If LACDA’s final construction costs at the end of the renovation is less than \$10 million, then LACDA would commence paying monthly rent to the County on the day and year of their Lease term where their accumulated rental amount total, if they had been paying rent, would equal their final construction amount total.

-MORE-

MOTION

SOLIS _____

MITCHELL _____

HAHN _____

BARGER _____

HORVATH _____

The terms of the Lease are set forth in the Term Sheet attached as Attachment A, which include the following pertinent terms:

- A 25-year term (Lease term) with LACDA having one (1) 10-year extension option.
- LACDA will be responsible for all operating costs, including maintenance, utilities, and security.
- Total rent during the Lease term will be dependent on the amount of tenant improvements completed by LACDA, subject to County review of the budget and completed improvements.
- Provided LACDA spends at least \$10M on tenant improvements to the Property, LACDA will pay no rent for the entire 25-year term.
- County has right of first refusal if LACDA proposes to sublease the leased premises to a third party. Additionally, County has the right to approve any subtenant proposed by LACDA and County has the right to approve any assignment of the Lease by LACDA to another party.
- LACDA will be responsible for their proportionate share of Common Area Maintenance (CAM) charges, as calculated by the County for the Property.
- The County reserves the right to review LACDA's design plans and audit LACDA's construction budget prior to, during, and after completion of construction.
- The County will have rights to terminate the Lease early.

The LACDA will utilize its share of the Single-Family Bond revenues currently held by the Southern California Home Financing Authority (SCHFA), which is a joint powers authority of Los Angeles and Orange Counties to provide financing for its First-Time Homebuyers Program. SCHFA has agreed to provide such funds to LACDA given their program has been temporarily suspended due to prevailing housing market conditions. LACDA's proposed \$12.5M investment in the Property rehabilitation will be reimbursed using program funds through rental payments aligned with the Lease terms between the County and LACDA.

Pursuant to 24 Code of Federal Regulations, Part 58, section 58.35(a)(5) and 58.35(a)(3)(iii) these actions are categorically excluded from the National Environmental Policy Act, because they involve leasing and rehabilitation of Property. The proposed actions are exempt from the California Environmental Quality Act (CEQA) pursuant to 15301 of the State CEQA Guidelines and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G.

-MORE-

I, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that the proposed leasing of the County property located at 1110 W. Avenue J, Lancaster to the Los Angeles County Development Authority, for the terms stated in the Lease and this motion is categorically exempt from CEQA pursuant to Section 15301 of the State CEQA Guidelines (Class 1 – Existing Facilities) and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, and none of the exceptions to the application of the exemption apply;
2. Pursuant to Government Code Section 26227, find that the services to be provided by the Los Angeles County Development Authority (LACDA), are necessary to meet the social needs of the County and serve public purposes which benefit the County;
3. Delegate and authorize the Chief Executive Officer, or her designee, to negotiate and execute a lease agreement with LACDA for the lease of the County- owned property at 1110 W. Avenue J, Lancaster, CA 93534, for a specific term, approved as to form by County Counsel, and to execute any other ancillary documentation deemed necessary, and to take any other action consistent with and/or necessary for the implementation of the forgoing actions.

I, FURTHER MOVE THAT THE BOARD OF SUPERVISORS, ACTING AS THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY:

1. Find that the proposed actions are exempt from CEQA for the reasons stated in this motion and the record of the project.
2. Authorize the Executive Director, or his designee, to execute a lease agreement and any ancillary documents with the County of Los Angeles for the lease of County- owned property located at 1110 W. Avenue J, Lancaster, CA 93534 (Property), and authorize execution of any amendments to the lease agreement and any ancillary documents with the County.
3. Authorize the Executive Director, or his designee to utilize \$10M of the Single-Family Bond revenues for the rehabilitation and \$2.5M of program funds for contingency and the procurement of equipment and furniture to outfit the new office space.
4. Delegate authority to the Executive Director of the LACDA, or his designee, to execute a stipulated sum contract for Construction Services for up to twelve million five hundred thousand dollars (\$12,500,000) and/or a Job Order Contracting (JOC) contract for up to five million seven hundred thousand dollars (\$5,700,000) and issue work orders in excess of three hundred and thirty thousand dollars (\$330,000) and up to the full contract sum, subject to review by County Counsel, for tenant improvements needed to facilitate preparation of the Property for use as office space.
5. Authorize the Executive Director, or his designee, to recover the full rehabilitation cost and establish replacement reserves via rental payments in accordance with the lease agreement between the County and the LACDA.

#

ATTACHMENT A

Non-Binding Summary of Key Terms and Conditions for Lease Agreement between County of Los Angeles and Los Angeles County Development Authority

This Non-Binding Summary of Key Terms and Conditions (“**Term Sheet**”) outlines the key terms and conditions of a lease transaction by and between the County of Los Angeles (“**County**”) and Los Angeles County Development Authority (“**LACDA**” or “**Tenant**” or “**Lessee**”), with respect to certain real property owned by the County that is located at 1110 W. Avenue J, Lancaster CA 93534 that will be leased to the LACDA to be used by their Housing Assistance Division.

Landlord: County of Los Angeles

Tenant: Los Angeles County Development Authority

Property Address: 1110 W. Avenue J, Lancaster, CA 93534

Premises Description: Former Public Defender administration space of approximately 18,488 square feet, garage, employee parking spaces and TBD public parking spaces, as depicted on Exhibit A

Term: 25 years with one (1) ten-year extension option

Base Rent and Base Rent

Credit: Base rent shall be \$1.13 per square foot for a monthly rental amount of \$20,891.44 for the first year with rent increasing 3% every year thereafter. Provided LACDA spends at least \$10M on tenant improvements to the Premises, LACDA will pay no rent for the entire 25-year term. Rent during the option term will be at fair market value. If LACDA spends less than \$10M on tenant improvements to the Premises, as determined by the County following an audit of LACDA’s actual construction costs, then the rent LACDA pays to County shall commence in the month and year that their total construction amount equals the total amount of rent abated. The lease agreement shall be amended by both parties to include the new monthly rental amount for the remainder of the lease term that will be at the current market rent and will be determined by County. The market rent will be based on buildings with similar improvements.

Operating Expenses:

Throughout the term of this Lease, Lessee shall maintain the entirety of the Premises and major Building systems, including without limitation, the Building, including the foundation, floors, walls, roof and structure thereof, and the plumbing, HVAC system, and electrical systems located therein, and all parts of the exterior, including the sidewalks, lighting, curbs, trash enclosures, landscaping, and Parking, in good condition and repair. Lessee shall be responsible for any and all Operating and Maintenance Expenses and janitorial and repair costs in connection with the Premises, shared use space and common areas, during the Lease Term beginning on the Commencement Date. If any charges are incurred by County for these operating expenses and maintenance costs, County shall invoice Lessee directly for these costs and Lessee shall provide payment to County within 30 days of delivered invoice.

Tenant shall procure and pay directly for janitorial services and any other expenses it deems necessary. Tenant shall also be responsible for routine maintenance. Tenant shall also be responsible for interior security of the Premises.

Rent Commencement Date:

Base rent shall begin upon Tenant's occupancy of Premises.

Security Deposit:

None

Possession Date:

Immediate upon execution of lease agreement.

Premises Condition:

Landlord shall deliver the Premises in "AS IS" condition.

Permitted Use:

Tenant shall use premises solely for administrative office purposes or other uses as approved in writing by Landlord.

**Assignment/Subletting
and Right of First Refusal:**

County has right of first refusal if LACDA proposes to sublease the leased premises to a third party. Additionally, County has the right to approve any subtenant proposed by LACDA and County has the right to approve any assignment of this lease by LACDA to another party. Lessee shall not, without the prior written consent of Lessor, which consent shall be in Lessor's sole discretion, either directly or indirectly give, assign, hypothecate, encumber, transfer, or grant control of this Lease or any interest, right, or privilege therein, or sublet the whole or any portion of the Premises. If the County elects

to sublease space from LACDA, it will be on a gratis basis and the County will only be responsible for any operating and maintenance costs associated with the County sublease. If County does not sublease space and LACDA subleases to another entity, the entire rent charged to that entity will be placed in a reserve fund for up-keep of the Premises. Any money remaining in the reserve fund at the end of the term goes to the County.

Business Hours:

Tenant shall have access to the Premises 24 hours a day, seven days per week.

Default:

Monetary default- Tenant must be given thirty (30) days written notice and opportunity to cure.

Non-monetary default- Tenant must be given sixty (60) days written notice and opportunity to cure.

Indemnification:

Mutual indemnification pursuant to Master Services Agreement between County and LACDA executed on August 21, 2012.

Broker:

None

Utilities & Trash:

Lessee shall be responsible for any and all utility costs associated with the effluent treatment, water, sprinkler standby charges, electricity, gas, other lighting, heating, and power ("Utility"), and other Utility rents and charges accruing in connection with the Premises, shared use space and common areas, during the Term. If any charges are incurred by County for Utilities, County shall invoice Lessee directly for these costs and Lessee shall provide payment to County within 30 days of delivered invoice.

Should Tenant wish to submeter utilities, Landlord authorizes the installation of submetering devices, at Lessee's cost.

Signage:

Tenant shall be allowed to install signage on the exterior of the Premises in compliance with governmental codes and regulations, with prior written consent of Lessor.

Alterations:

Except as hereinafter provided, Lessee shall make no additions, installations, improvements, replacements and/or alterations in or to the Premises (hereinafter "Alterations") without the prior written consent of Lessor that may be required therefor. Consent shall be given or denied within thirty (30) days of receipt of written request, which request shall include a complete set of plans, where applicable, and the estimated cost of such Alterations. Failure to provide written approval or disapproval from the Lessor within thirty (30) days shall be deemed disapproval.

Tenant Improvements:

Tenant shall be allowed to make tenant improvements initially upon execution of lease, and following Lessor approval of Lessee's tenant improvements and budget. Initial tenant improvements shall include but not be limited to: demolition of all existing interior walls and rehabilitation of the interior of the space including designated parking areas to serve as office space for LACDA staff.

Tenant shall also be allowed to make subsequent tenant improvements, subject to prior written approval of subsequent tenant improvements by County. Any subsequent tenant improvements that require permits shall be reviewed and approved by Landlord within 30 days. Landlord's approval shall not be unreasonably withheld. Failure to provide written approval or disapproval from the Lessor within thirty (30) days shall be deemed disapproval of proposed tenant improvements.

Audit Rights:

County shall have audit and review rights over the reserve fund, defined in the Subletting section of this term sheet, and the refurbishment/improvement costs in order to verify the amount of funds spent by LACDA on tenant improvements.

Security:

Throughout the term of this Lease, Lessee shall be solely responsible for security measures at the Premises and shall be responsible for payment to County for its proportionate share of security costs for the Property, in accordance with this Section 23. Lessee acknowledges that as of the Commencement Date, Lessee will provide security for the Premises with security personnel and staffing to be reviewed and approved by County, prior to commencing security services, and at a level to be approved by the County.

Common Area Maintenance:

LACDA will be responsible for their proportionate share of Common Area Maintenance (CAM) charges, as calculated by the County for the Lancaster Courthouse property.

Notices:

LANDLORD
County of Los Angeles
Chief Executive Office Real
Estate Division
320 West Temple Street,
7th Floor Hall of Records
Los Angeles, CA 90012
Attention: Joyce L Chang,
Senior Manager

With a copy to:
Office of the County Counsel
Real Property Division
500 West Temple Street, 6th Floor
Los Angeles, CA 90012

TENANT

Los Angeles County Development Authority
700 West Main Street
Alhambra, CA 91801
Attention: Emilio Salas,
Executive Director

Counterpart Execution:

The Lease may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Contract. The facsimile, email, or other electronically delivered signature of the Parties shall be deemed to constitute original signatures, and facsimile or electronic copies hereof shall be deemed to constitute duplicate originals.

Amendments:

Allowed only in writing.

EXHIBIT A
Non-Binding Summary of Key Terms and Conditions for
Lease Agreement between
County of Los Angeles and Los Angeles County Development Authority

