

Development Ground Lease Agreement for the LA County Care Community with the State of California at the Metropolitan State Hospital Campus

The State of California (State) and County of Los Angeles (County) are facing mental health and homelessness crises that are exacerbated by a shortage of housing and mental health treatment facilities. To combat these crises, more housing and treatment facilities need to be developed. As part of this effort, the State and County have identified a portion of the Metropolitan State Hospital campus in the City of Norwalk that is underutilized and can be renovated and transformed into a continuum of housing and treatment options for people with mental health challenges – the proposed *Los Angeles County Care Community*.

The proposed LA County Care Community will be an important part of addressing homelessness and assisting persons who are living with a mental illness. The proposed project will address the priorities of both the State of California and County of Los Angeles – to provide treatment facilities and housing for people with mental health challenges. Much of the project planning and preparation has already begun, and the next step is for the State and County to sign the agreed-upon lease agreement for the identified area on the Metropolitan State Hospital campus.

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On June 4, 2024, the Los Angeles County Board of Supervisors (Board) directed the Chief Executive Officer (CEO) to negotiate and execute the Exclusive Negotiation Agreement (ENA) with the State of California to lease and develop unused property on the Metropolitan State Hospital campus.¹ This portion of the Metropolitan State Hospital campus includes ~~six~~ eight buildings, surrounding courtyards, and a parking lot which will be turned into the proposed LA County Care Community. The proposed LA County Care Community will include two permanent supportive housing buildings proposing 50 units of permanent supportive housing and a building for shared communal space; two psychiatric subacute facilities for transitional aged youth with a total of 32 beds; and one interim housing building for transitional aged youth with a total of 70 bedrooms. Each building will have its own courtyard, there will be dedicated onsite parking, and the proposed LA County Care Community will effectively be separate from the rest of the Metropolitan State Hospital. -On October 22, 2024, the Board approved certain actions related to the proposed LA County Care Community at Metropolitan State Hospital, and found the proposed project, ~~which consists of two psychiatric subacute; two interim housing; and two permanent supportive housing facilities, and other improvements, are~~ is exempt from CEQA, pursuant to State CEQA Guidelines.²

The County has identified funding for the proposed renovations, including \$20 million of No Place Like Home funding and \$65 million that was awarded through the Behavioral Health Continuum Infrastructure Program (BHCIP) grant established by the State after the voters approved Proposition 1 in the March 2024 election. On June 4, 2024, the Board directed the Los Angeles County Development Authority (LACDA) to set

¹ <https://file.lacounty.gov/SDSInter/bos/supdocs/761aabd0-e127-4134-ad10-bd9bda68bba9.pdf>

² <https://file.lacounty.gov/SDSInter/bos/supdocs/196732.pdf>

aside and designate up to \$20 million of No Place Like Home funding for the development of permanent supportive housing on the Metropolitan State Hospital campus.³ On November 6, 2024, the Board passed the motion “Bond BHCIP Round 1” that authorized the Department of Mental Health (DMH) to apply to Bond BHCIP Round 1 for two projects.⁴ On November 26, 2024, the Board passed a motion to delegate authority to the Director of DMH, Chief Deputy Director of DMH, or either of their designees, to accept BHCIP grant funds up to \$65 million for the proposed LA County Care Community at Metropolitan State Hospital project.⁵

The State and the County have reached an agreement for the proposed Development Ground Lease for six buildings on the Metropolitan State Hospital campus for the proposed LA County Care Community at Metropolitan State Hospital Project. The Development Ground Lease would also include opportunities for potential future amendments to include up to two additional buildings that could add another 67 beds to the campus for people with mental health care needs.

I, THEREFORE, MOVE that the Board of Supervisors:

1. Find that the approval of the Development Ground Lease for the Premises located at 11401 Bloomfield Ave, in the City of Norwalk, CA 90650 and related actions are within the scope of the Board's previous finding of exemption from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15301, 15302, 15303, 15304, 15311 and 15331 and County of Los Angeles Document Reporting Procedures and Guidelines, Appendix G, Classes 1, 2, 3, 4 and 11 which apply to repair, operation, leasing and minor alteration of existing public facilities with

³ <https://file.lacounty.gov/SDSInter/bos/supdocs/761aabd0-e127-4134-ad10-bd9bda68bba9.pdf>

⁴ <https://file.lacounty.gov/SDSInter/bos/supdocs/197437.pdf>

⁵ <https://file.lacounty.gov/SDSInter/bos/supdocs/197680.pdf>

negligible or no expansion of use, replacement or reconstruction of facilities with the same purpose and capacity, new construction, conversion of existing facilities and installation of equipment in facilities, minor alteration of land where no scenic mature, healthy trees will be removed, accessory structures and historical resource restoration/rehabilitation because they are within certain classes of projects that have been determined not to have a significant effect on the environment; as well as statutory exemptions pursuant to Public Resources Code Section 15061(b)(3), the common sense exemption; Section 21080(b)(4) and State CEQA Guidelines Section 15269(c) which apply to specific actions necessary to prevent or mitigate an emergency; Section 15183, projects consistent with a community plan or zoning and AB 2162, Government Code Sections 65650 to 65656 which applies to by-right approvals of supportive housing as well as AB 1907 which applies to supportive emergency shelters, supportive and affordable housing. Find that the negotiation and execution of an amendment to the Exclusive Negotiating Agreement (ENA) to explore potential development of additional vacant buildings at the Metropolitan State Hospital does not constitute a project under CEQA because it is excluded from the definition of a project under Section 21065 of the California Public Resources Code and, it is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment pursuant to Section 15378(b)(5) of the State CEQA Guidelines. Upon the Board's approval of the actions herein, Public Works will file a Notice of Exemption with the County Clerk and with the State Clearinghouse at the Office of Land Use and Climate Innovation pursuant to Section 21152 of the Public Resources Code and will post the Notice to the County's website in accordance with Section 21092.2. 2;

2. Approve the project for the LA County Care Community at Metropolitan State Hospital;
3. Find that entering into a Development Ground Lease for ninety-nine years to be used by Department of Mental Health and Los Angeles County Development Authority acting as an agent of Los Angeles County and its contractors or designees, is authorized by Government Code section 25351, which allows the County to enter into leases and agreements for the leasing of buildings, as necessary, to carry out the work of the County government;
4. Authorize the Chief Executive Officer, or her designee, to execute a Development Ground Lease agreement with the State of California for certain real property located at 11401 Bloomfield Ave, in the City of Norwalk, CA 90650 at an annual rental rate of \$1;
5. Delegate authority to the Director of Mental Health, or her designee, to execute an operating agreement with the State of California; and
6. Delegate authority to the Chief Executive Officer, or her designee, to execute any option(s), other amendment or ancillary documentation necessary to effectuate the terms of the proposed Development Ground Lease, and to take actions necessary and appropriate to implement the proposed Development Ground Lease, including, without limitation, executing any amendment to the Development Ground Lease for minor lot adjustments to the premises, and amending the Development Ground Lease to include up to two additional buildings that could add another 67 beds to the campus for people with mental health care needs, subject to a future finding of exemption under CEQA by CEO, to the extent an exemption is determined applicable.
7. Authorize the Chief Executive Officer, or her designee, to enter into an amendment to the ENA entered into on June 26, 2024, to allow for the potential to explore potential

development of additional vacant buildings at the Metropolitan State Hospital.

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