



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable David P. Roe, M.D.  
Chairman  
Committee on Veterans' Affairs  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

Sincerely,

A handwritten signature in cursive script that reads "Robert L. Wilkie".

Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Johnny Isakson  
Chairman  
Committee on Veterans' Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable John Carter  
Chairman  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable John Boozman  
Chairman  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

Sincerely,

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Tim Walz  
Ranking Member  
Committee on Veterans' Affairs  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Walz:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Jon Tester  
Ranking Member  
Committee on Veterans' Affairs  
United States Senate  
Washington, DC 20510

Dear Senator Tester:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

Sincerely,

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Debbie Wasserman Schultz  
Ranking Member  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

Dear Congresswoman Wasserman Schultz:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

Sincerely,

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Brian Schatz  
Ranking Member  
Subcommittee on Military Construction,  
Veterans Affairs, and Related Agencies  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Senator Schatz:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

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Robert L. Wilkie

Enclosures





THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Dianne Feinstein  
United States Senate  
Washington, DC 20510

Dear Senator Feinstein:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

Sincerely,

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Kamala Harris  
United States Senate  
Washington, DC 20510

Dear Senator Harris:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

Sincerely,

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Robert L. Wilkie

Enclosures



THE SECRETARY OF VETERANS AFFAIRS  
WASHINGTON

November 12, 2018

The Honorable Ted W. Lieu  
U.S. House of Representatives  
Washington, DC 20515

Dear Congressman Lieu:

In accordance with the requirements of section 2 of Public Law 114-226, enclosed is the Department of Veterans Affairs (VA) Annual Report evaluating all leases and land-sharing agreements carried out at the VA West Los Angeles Campus, as well as the required statement of cost for preparing the report.

This report has also been sent to other leaders of the House and Senate Committees on Veterans' Affairs, the House and Senate Committees on Appropriations, and each Member of the House and Senate who represents the area in which the Campus is located.

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Robert L. Wilkie

Enclosures



# **U.S. Department of Veterans Affairs**

## **Congressionally Mandated Report**

### **West Los Angeles Leasing Act of 2016 (Public Law 114-226)**

**November 2018**

## PURPOSE

The purpose of this report is to provide an update on leases and land-sharing agreements carried out by the U.S. Department of Veterans Affairs (VA) on the VA Greater Los Angeles Healthcare System – West Los Angeles (GLAHS-WLA) campus located in Los Angeles, California, to the Committees on Veterans' Affairs of the Senate and House of Representatives, the Committees on Appropriations of the Senate and House of Representatives, and each Member of the Senate and House of Representatives who represents the GLAHS-WLA area. This report is submitted in accordance with the requirements of section 2(j) of the West Los Angeles Leasing Act of 2016 Public Law (P.L.) 114-226 (WLA Act).

## LEGAL FRAMEWORK

The WLA Act authorizes the Secretary of Veterans Affairs to lease real property located on the GLAHS-WLA campus for certain purposes. More specifically, section 2(b) of the WLA Act provides that the Secretary may enter into –

“(1) Any enhanced-use lease of real property under subchapter V of chapter 81 of title 38, United States Code, for purposes of providing supportive housing, as that term is defined in section 8161(3) of such title, that principally benefit veterans and their families.

(2) Any lease of real property for a term not to exceed 50 years to a third party to provide services that principally benefit veterans and their families and that are limited to one or more of the following purposes:

- (A) The promotion of health and wellness, including nutrition and spiritual wellness.
- (B) Education.
- (C) Vocational training, skills building, or other training related to employment.
- (D) Peer activities, socialization, or physical recreation.
- (E) Assistance with legal issues and Federal benefits.
- (F) Volunteerism.
- (G) Family support services, including child care.
- (H) Transportation.
- (I) Services in support of one or more of the purposes specified in subparagraphs (A) through (H).

(3) A lease of real property for a term not to exceed 10 years to The Regents of the University of California, a corporation organized under the laws of the State of California, on behalf of its University of California, Los Angeles (UCLA) campus (hereinafter in this section referred to as “The Regents”), if—

- (A) the lease is consistent with the master plan described in subsection (g);
- (B) the provision of services to veterans is the predominant focus of the activities of The Regents at the Campus during the term of the lease;

(C) The Regents expressly agrees to provide, during the term of the lease and to an extent and in a manner that the Secretary considers appropriate, additional services and support (for which The Regents is not compensated by the Secretary or through an existing medical affiliation agreement) that—

(i) principally benefit veterans and their families, including veterans that are severely disabled, women, aging, or homeless; and

(ii) may consist of activities relating to the medical, clinical, therapeutic, dietary, rehabilitative, legal, mental, spiritual, physical, recreational, research, and counseling needs of veterans and their families or any

of the purposes specified in any of subparagraphs (A) through (I) of paragraph (2); and

(D) The Regents maintains records documenting the value of the additional services and support that The Regents provides pursuant to subparagraph (C) for the duration of the lease and makes such records available to the Secretary."

Section 2(c) of the WLA Act provides that "[t]he Secretary may not carry out any land-sharing agreement pursuant to section 8153 of title 38, United States Code, at the Campus unless such agreement—

(1) provides additional health-care resources to the Campus; and

(2) benefits veterans and their families other than from the generation of revenue for the Department of Veterans Affairs."

Section (2)(j)(2) of the WLA Act requires that "[n]ot later than one year after the date of the enactment of this Act, and not less frequently than annually thereafter, the Secretary shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives, the Committees on Appropriations of the Senate and House of Representatives, and each Member of the Senate and House of Representatives who represents the area in which the Campus is located an annual report evaluating all leases and land-sharing agreements carried out at the Campus, including –

(A) an evaluation of the management of the revenue generated by the leases; and

(B) the records described in subsection (b)(3)(D)."

Section (2)(j)(3) of the WLA Act requires the VA Office of Inspector General (OIG) to "submit to the Committees on Veterans' Affairs of the Senate and House of Representatives, the Committees on Appropriations of the Senate and House of Representatives, and each Member of the Senate and House of Representatives who represents the area in which the Campus is located a report on all leases carried out at the Campus and the management by the Department of the use of land at the Campus, including an assessment of the efforts of the Department to implement the master plan ... with respect to the Campus." This section requires the OIG to provide such reports "[n]ot later than each of two years and five years after the date of the enactment of this Act, and as determined necessary by [OIG] thereafter."

## DISCUSSION

This report is intended to inform Congress of the recent actions that VA has taken to implement leases on the GLAHS-WLA campus and will focus on one existing Enhanced Use Lease (EUL), two existing leases, and two proposed EULs that meet the reporting requirement of the WLA Act:

- An EUL between VA and Veterans Housing Partnership, LLC, for Building #209;
- A lease between VA and the Brentwood School;
- A lease between VA and Regents of the University of California, on behalf of the University of California, Los Angeles (UCLA).

This report will also provide an update on two proposed EULs:

- A proposed EUL between VA and Veterans Housing Partnership, LLC, for Building 205 and Building 208;
- A proposed EUL between VA and a To Be Determined Lessee for Building 207.

## RELATED REPORT

VA notes that the Office of Inspector General (OIG) submitted its initial report required under section (2)(j)(3) of the WLA Act on September 28, 2018. The OIG report covered all land use agreements on the WLA Campus, not just the leases and land-sharing agreements on which VA is required to report under section (2)(j)(2). OIG's report contained unfavorable findings with respect to the Brentwood School lease. For the reasons set forth in its response to the OIG report, VA disagrees with the legal analysis upon which OIG based those findings, and non-concurred in OIG's recommendation with respect to the subject lease.

## EVALUATION

This section of the report will focus on the WLA Act's requirements for the aforementioned EULs and leases:

### **Enhanced-Use Lease (EUL) Agreement VA and Veterans Housing Partnership, LLC -- Building 209**

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On May 18, 2017, VA entered into an EUL with the Veterans Housing Partnership, LLC, (Shangri-La Construction, LLC, with Step Up, Inc., as the service provider) for Building 209, which is located on approximately two acres of real property on the GLAHS-WLA campus. The EUL agreement reflects that Veterans Housing Partnership, LLC, recognizes VA's goal to help end Veteran homelessness in Los Angeles, California, and provides that the Veterans Housing Partnership, LLC, will work collaboratively with VA and the Veteran community to accomplish such goal with the purpose of providing affordable and safe housing, consisting of 55 housing units, comprised with 32 studios and 23 one-bedroom units (4 of which are Bariatric units) for Veterans and their families.

Under the EUL agreement, the Veterans Housing Partnership, LLC, is providing support services on the GLAHS-WLA campus to benefit Veterans and their families, including, but not limited to:



- Employment Services (job training, job coaching, job placement, etc.)
- Education (Computer training)
- Transportation (to and from VA appointments, other individual and group activities)
- Meals (access to two meals daily)
- Life Skills support (housing, cooking, budgeting, etc.)
- Peer activities, socialization, and/or physical recreation

The EUL with Veterans Housing Partnership, LLC, was a part of the larger effort to implement the Draft Master Plan on the GLAHS-WLA campus. VA competitively sought a Developer to renovate, maintain, and operate Building 209 for supportive housing for the purpose of providing affordable, safe housing for Veterans and their families.

The EUL agreement was executed through the following process:

1. Building 209 was identified in the Draft Master Plan which was approved January 2016.
2. The WLA Act was passed in September 2016.
3. Approximately 45 days after the WLA Act was passed, a Public Hearing was held on November 16, 2016.
4. Request for Proposal (RFP) was issued on November 23, 2016, under set aside (Small Disadvantaged Veteran-Owned Small Business), but no eligible proposals were received.
5. RFP was reissued under full and open competition on December 20, 2016.
6. Veterans Housing Partnership, LLC, (Shangri-La Construction, LLC, with Step Up, Inc., as the service provider) was awarded as the selected Developer on January 6, 2017.
7. Office of Management and Budget (OMB) notification was sent on January 16, 2017.
8. OMB certification received on March 3, 2017.
9. Notice of Intent to Enter was submitted to Congress on March 15, 2017, and the 45-day waiting period expired on April 30, 2017.
10. EUL agreement executed on May 18, 2017.
11. Veteran occupancy and Ribbon Cutting Ceremony occurred on June 30, 2017.

The EUL between VA and the Veterans Housing Partnership, LLC, outlines a 50-year initial term, with right of the parties to exercise up to one 20-year extension. Furthermore, the EUL provides consideration, in form of cash, in the amount of approximately \$626,000 (Net Present Value--NPV) over the term of the EUL. The rent payment is due and payable in June for each year during the initial term and extension term.

*Exhibit A-1:*

<b>Cash Consideration</b>		
	<i>First Year</i>	<i>50-year NPV</i>
Base Rent	\$19,800*	\$626,000

Exhibit A-1 summarizes the rent requirements for the Lease Agreement. The indicated amounts represent the estimated value of cash consideration (base rent equals \$360 per unit, per year times 55 units for an initial rent equal to \$19,800). The base rent shall be increased by 3 percent per year, but shall be adjusted downward to match any allowable escalator of gross rents under the U.S. Department of Housing and Urban Development-VA Supportive Housing program (HUD-VASH).



Exhibit A-2:

	2016	2017	2018	Total
January	---	---	---	
February	---	---	---	
March	---	---	---	
April	---	---	---	
May	---	---	---	
June	---	\$19,800.00	\$20,394.00	
July	---	---	---	
August	---	---	---	
September	---	---	---	
October	---	---	---	
November	---	---	---	
December	---	---	---	
<b>Total</b>	<b>\$0.00</b>	<b>\$19,800.00</b>	<b>\$20,394.00</b>	<b>\$40,194.00</b>

Exhibit A-2 accounts for the funds remitted by Veterans Housing Partnership, LLC, to VA for annual rent, per the Lease Agreement, totaling **\$40,194.00** as of September 29, 2018. These rent payments are consistent with the rent obligations under the Lease Agreement. To date, VA has not yet utilized these funds, which must be used in support of the GLAHS-WLA campus redevelopment effort as required and provided for in the WLA Act. Due diligence is in process involving several projects which will facilitate the reinvestment of these lease proceeds.

Consistent with section 2(d) of the WLA Act, VA plans to use the lease proceeds to renovate and maintain the land and facilities at the GLAHS-WLA campus, to include supporting Temporary Bridge Housing for homeless Veterans on the campus, as well as renovating the grounds adjacent to the Domiciliary to improve the Veteran patient experience and outcomes.

**Proposed EUL Agreement**

**VA and Veterans Housing Partnership, LLC, – Building 205 and Building 208**

On March 31, 2017, VA published a Request for Qualifications (RFQ) seeking a developer to renovate, maintain, and operate Building 205 and Building 208 on the GLAHS-WLA campus as permanent supportive housing for Veterans. VA has selected Shangri-La Construction, LLC, and Step Up, Inc., as the Developer and Supportive Operator for the proposed EUL. More specifically:

- Building 205 contains approximately 53,047 square feet built in 1937;
- Building 208 contains approximately 47,265 square feet built in 1945;
- The anticipated project will yield over 100 units of permanent supportive housing for Veterans;
- The EUL project will consist of a mix of studio units and one-bedroom units; and
- The EUL project will complete Federal environmental requirements (i.e. National Environmental Policy Act of 1969 (NEPA), State Historic Preservation Officer notification).

The following process was followed as VA works towards finalizing an EUL agreement with Shangri-La Construction, LLC:

1. Buildings #205 and #208 were identified in the Draft Master Plan for redevelopment through the EUL process to develop supportive housing for Veterans.
2. Public Hearing was held on November 16, 2016.
3. RFQ was issued on March 31, 2017.
4. Public Information Session was held on April 20, 2017.
5. Shangri-La Construction, LLC, was selected as the preferred developer on June 14, 2017.
6. NEPA Environmental Assessment is in progress for Building 205, Building 207, and Building 208; completion is anticipated by no later than December 31, 2018.

Shangri-La Construction, LLC, is in the process of completing due diligence and obtaining financing. Once these steps are complete, VA and Shangri-La Construction, LLC, will execute an EUL agreement for Building 205 and Building 208.

### ***Proposed EUL Agreement***

#### **VA and a To Be Determined Lessee – Building 207/Principal Developer**

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On May 29, 2018, VA released a Sources Sought Notice seeking expressions of interest from qualified Service Disabled Veteran Owned Small Businesses (SDVOSB) and Veteran Owned Small Businesses (VOSB) to serve as a “Principal Developer” for the purposes of implementing certain aspects of the Draft Master Plan within the North Campus section of the GLAHS-WLA campus to address housing and services needs for Veterans. Two responses were received. VA released an RFQ on July 2, 2018, seeking competitive responses from private, public, and/or not for profit entities, which will also include SDVOSB and VOSB firms.

The Principal Developer will be expected to develop at least 900 units of permanent supportive housing for homeless and at-risk Veterans and their families on the North Campus utilizing VA’s EUL authority. VA conducted a Public Hearing on Building 207 and the Principal Developer concept on April 26, 2018, and an Industry Forum on July 10, 2018. Exclusive of Building 207, the remainder of the 900 units will be part of the PEIS record of decision, which is anticipated to occur August 2019.

The first asset to be developed by the Principal Developer will be Building 207:

- 51,010 gross square feet
- Built in 1940
- Most recent use: supportive housing
- Poor condition
- Contributing historic resource
- NEPA Environmental Assessment is in progress for Building 207. Completion is anticipated by no later than December 31, 2018.

### **Lease Agreement**

#### **VA and Brentwood School**

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On November 4, 2016, VA entered into a Lease Agreement with the Brentwood School for certain real property and facilities at the GLAHS-WLA campus, pursuant to the WLA Act. The Lease Agreement between VA and the Brentwood School consists of athletic fields and complex located on approximately 22.06 acres of real property on the GLAHS-WLA campus. The Brentwood School recognizes VA’s goal to revitalize the campus into a welcoming and vibrant community for Veterans of the greater Los Angeles area and to help end Veteran homelessness in Los Angeles, California. The Brentwood School continues to work collaboratively with VA and the Veteran community to accomplish such goals and fortify the

parties' existing partnership, with the purpose of ensuring that it more appropriately benefits Veterans and their families, including Veterans who are severely disabled, chronically homeless, aging, or female. As such, the Brentwood School has provided support and services to VA, on the GLAHS-WLA campus, for the benefit of Veterans and their families, including, but not limited to:

- The promotion of health and wellness;
- Education;
- Vocational training;
- Skills building or other training related to employment; and
- Peer activities, socialization, and/or physical recreation.

The Lease Agreement between VA and the Brentwood School outlines a 10 year initial term, with right of the parties to exercise up to one 10-year extension. Furthermore, the Lease Agreement provides financial and in-kind consideration for the primary benefit of Veterans and their families in the initial amount of \$1,768,000 per year, with increases every 3 years. An overview and breakdown of this annual consideration amount is provided in Exhibits B and C below:

*Exhibit B:*

<b>Financial and In-Kind Considerations - Overview</b>	
Initial Rent ( <i>per year</i> )	\$850,000.00
In-Kind Services Consideration ( <i>per year</i> )	\$918,000.00
Category A	Operation, Maintenance, and Upkeep of Site
Category B	Special Programs and Events
Category C	Capital Cost Improvements for Veteran Activities
Category D	Athletic, Recreational, and Educational Programs
Total	\$1,768,000.00

*Exhibit C:*

<b>Financial and In-Kind Considerations – Breakdown</b>		
--	Initial Annual Rent	\$850,000.00
A	Annual Cost for routine upkeep (landscape, custodial, etc.)	\$170,587.00
	Repair and Replacement (property, equipment, etc.)	\$348,000.00
B	Use of Complex by Veterans Service Organizations (VSO) for Events (BBQ, concerts, etc.)	\$15,000.00
	Brentwood School initiated and hosted activities (movie screening, etc.)	\$30,000.00
C	Future Improvements (i.e. constructing a fitness center)	TBD
D	Management, Communication, Staffing, etc.	\$223,462.00
	Athletic Equipment and Gear	\$2,500.00
	Course Offerings (i.e. GED, seminars, etc.)	\$39,228.00
	Transportations (to/from Complex)	\$82,458.00
	Scholarships (Academic Year/Summer Camp)	\$164,000.00
	Website and Communication Development/Maintenance	\$60,000.00

<b>Financial and In-Kind Considerations – Breakdown</b>	
Donation Drives	No cost to VA
<i>Subtotals A, B, C, D</i>	
	<b>\$1,135,235.00</b>

The indicated amounts for Categories A through D represent the estimated value of in-kind consideration which have been provided by Brentwood School pursuant to the Lease Agreement. The total of Categories A through D equal to \$1,135,235.00 is intentionally greater than the annual In-Kind Consideration Lease Agreement obligation of \$918,000.00 in order to provide flexibility towards implementing various programs over the course of the Lease Agreement.

As of the date of this report, VA has received consideration from the Brentwood School, to include both financial and in-kind services, as required by the executed Lease Agreement. Exhibits, D and E below provide a breakdown of the consideration(s) required and received by VA, from the Brentwood School, relative to the outlined requirements.

*Exhibit D-1:*

<b>Rent Requirements</b>		
	<b>Monthly</b>	<b>Annually</b>
Year #1	\$70,833.33	\$850,000.00
Year #2	\$70,833.33	\$850,000.00
Year #3	\$70,833.33	\$850,000.00
Year #4	\$72,604.17	\$871,250.00
Year #5	\$72,604.17	\$871,250.00
Year #6	\$72,604.17	\$871,250.00
Year #7	\$74,419.27	\$893,031.25
Year #8	\$74,419.27	\$893,031.25
Year #9	\$74,419.27	\$893,031.25
Year #10	\$76,279.75	\$915,357.03
<b>Total</b>	---	<b>\$8,758,200.78</b>

Exhibit D-1 summarizes the rent requirements for the Lease Agreement. Annual rent shall increase by 2.5 percent on each third anniversary of the effective date during the Lease Term and such increase may be satisfied by increasing the annual rent or annual in-kind consideration amount by such amount. VA will determine whether to increase annual rent versus annual in-kind consideration in consultation with the Brentwood School.

Exhibit D-2:

<b>Rent Payments Received</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
January	---	\$70,833.33	\$70,833.33	
February	---	\$70,833.33	\$70,833.33	
March	---	\$70,833.33	\$70,833.33	
April	---	\$70,833.33	\$70,833.33	
May	---	\$70,833.33	\$70,833.33	
June	---	\$70,833.33	\$70,833.33	
July	---	\$70,833.33	\$70,833.33	
August	---	\$70,833.33	\$70,833.33	
September	\$70,833.33	\$70,833.33	\$70,833.33	
October	\$70,833.33	\$70,833.33	---	
November	\$70,833.33	\$70,833.33	---	
December	\$70,833.33	\$70,833.33	---	
<b>Total</b>	<b>\$283,333.33</b>	<b>\$850,000.00</b>	<b>\$637,500.00</b>	<b>\$1,770,833.33</b>

Exhibit D-2 accounts for the funds remitted by the Brentwood School to VA for annual rent, per the Lease Agreement, totaling **\$1,770,833.33**, as of September 29, 2018. These rent payments are consistent with the rent obligations under the Lease Agreement. To date, VA has not yet utilized these funds, which must be utilized in support of the GLAHS-WLA campus redevelopment effort as required and provided for in the WLA Act. Due diligence is in process involving several projects which will facilitate the reinvestment of these lease proceeds consistent with section 2(d) of the WLA Act.

Exhibit E-1:

<b>In-Kind Consideration Requirements</b>	
Year #1	\$918,000.00
Year #2	\$918,000.00
Year #3	\$918,000.00
Year #4	\$918,000.00
Year #5	\$918,000.00
Year #6	\$918,000.00
Year #7	\$918,000.00
Year #8	\$918,000.00
Year #9	\$918,000.00
Year #10	\$918,000.00
<b>Total</b>	<b>\$9,180,000.00</b>

Exhibit E-1 provides the required amount of annual in-kind consideration, due to VA, from the Brentwood School.



As of July 31, 2018, the services described below have been reported by Brentwood School for the in-kind consideration requirement. An independent third-party audit of the Lease Agreement is currently underway to review each in-kind consideration, attribute value, and assess fulfillment of Lease Agreement requirements.

- The Brentwood School has provided continuous access to their athletic and recreational facilities for Veterans participating in in-patient programs on the GLAHS-WLA campus. Facilities include: tennis courts, pavilion, football field, back field, and pool.
- The Brentwood School and VA have worked to pilot an expansion of this access for all Veterans, not just those participating or residing on the GLAHS-WLA campus. This pilot will go live in early Fiscal Year (FY) 2018.
- The Brentwood School has provided 123 summer camp scholarship slots for summer camp at the Brentwood School for children and grandchildren of Veterans. From June 19, 2017, through August 4, 2017, the Brentwood School provided 1-3 week summer courses to 58 Veteran families.
- The Brentwood School provided 125 tickets and transportation, at no cost to Veterans, for the Hutson Lecture Series. This event featured a guest lecture with Erik Larson and Conan O'Brien.

*Exhibit E-2:*

<b><u>In-Kind Consideration</u></b>	<b><u>Est. Value</u></b>	<b><u>Description / Notes</u></b>
Annual Cost for routine upkeep (landscape, custodial, etc.)	\$216,927	
Repair and Replacement (property, equipment, etc.)	\$248,000	
Use of Complex by VSOs for Events (BBQ, concerts, etc.)	\$1,817	Dollar value TBD for: <ul style="list-style-type: none"> <li>• Heroes' Movement classes</li> <li>• Shakespeare in the Japanese Garden parking and production storage and workspace</li> <li>• New Directions use of theater for Imagination Workshop</li> </ul>
Brentwood School initiated and hosted activities (movie screening, etc.)	\$9,538	Day of Beauty, Special Guests for Performing Arts & Athletics events, Stand Down meals, Thanksgiving dinner, Young Women's Conference tickets, Veterans Day special assembly and reception, etc.
Future Improvements (i.e. constructing a fitness center)	\$355,975	51 percent of lights for athletic complex to be amortized over 9 years.
Management, Communication, Staffing, etc.	\$208,000	Includes staffing needs for security, lifeguards, coaches, administrative support, etc.
Athletic Equipment and Gear	\$4,842	Includes gloves, bats, balls, racquets, etc., for exclusive use.

<b><u>In-Kind Consideration</u></b>	<b><u>Est. Value</u></b>	<b><u>Description / Notes</u></b>
		Bio Arc Tuff Stuff workout equipment for the weight tent.
Course Offerings (i.e. GED, seminars, etc.)	\$14,033.56	Veteran Bio and Portrait project, tennis clinic, supervised lap swim, computer lab set up, etc.
Transportations (to/from Complex)	\$6,259	Day of Beauty, Veterans Day Assemblies, Hutson Lecture, 209, etc.
Scholarships (Academic Year/Summer Camp)	\$108,005	123 scholarships to Summer at Brentwood 2018 (includes program, supplies, meals, and extended care) and financial aid award for full-time VA scholarship student, Trinity Harris
Website and Communication Development/Maintenance	\$19,358	Includes on-line registration form and tech support for Stand Down volunteers, VA Scholarship to Summer at Brentwood application, and VCRE access, comp tickets to events, etc. as well as Services Council Year-in-Review
Donation Drives	5 different drives	Clothing for Stand Down (1,000+ pieces), toiletries (50+ grocery bags full), Turkey and holiday meal items (100+), socks (800+), toys (200)
<b>Total In-Kind Consideration Received for Period of 8/1/17-6/1/18</b>	<b>\$1,901,087.56</b>	
Approximate number of Veterans Accessing BWS	1,082	This is the number of Vets who have signed in to use the VCRE in the specified period.
Number of Summer Scholarship Slots for Summer Camp at the Brentwood School, for children and grandchildren of Veterans	123	
Number of Free Tickets Provided to Veterans to BWS Events	300	Hutson Lecture = 100 YWC = 100 Performing Arts & Athletics = 100
Musical performances for Veterans by BWS students	6	
Student Service House	2,800+	

**Lease Agreement  
VA and Regents of the University of California (UCLA)**

On December 23, 2016, VA entered into a Lease Agreement with the Regents of the University of California, on behalf of the University of California, Los Angeles, for certain real property and facilities at the GLAHS-WLA campus in accordance with section 2(b)(3) of the WLA Act.

The Lease Agreement between VA and the Regents of the University of California, on behalf of the University of California, Los Angeles, consists of athletic fields and complex located on approximately 10.09 acres of real property on the GLAHS-WLA campus. The Lease Agreement reflects that the Regents of the University of California, on behalf of the University of California, Los Angeles, recognizes VA's goal to revitalize the campus into a welcoming and vibrant community for Veterans of the greater Los Angeles area, and to help end Veteran homelessness in Los Angeles, California. The Lease Agreement obligates the Regents of the University of California, on behalf of the University of California, Los Angeles, to continue to work collaboratively with VA and the Veteran community to accomplish such goals and fortify the parties' existing partnership, with the purpose of ensuring that it more appropriately benefits Veterans and their families, including Veterans who are severely disabled, chronically homeless, aging, or female. As such, Regents of the University of California, on behalf of the University of California, Los Angeles, has set forth support and services to VA, on the GLAHS-WLA campus, for the benefit of Veterans and their families, including, but not limited to:

- The promotion of health and wellness;
- Education;
- Peer activities, socialization, or physical recreation;
- Assistance with legal issues and Federal benefits;
- Volunteerism; and
- Family support services, including child care.

The Lease Agreement between VA and the Regents of the University of California, on behalf of the University of California, Los Angeles, outlines a 10-year initial term, with right of the parties to exercise up to one 10-year extension. Furthermore, the Lease Agreement provides financial & in-kind consideration for the primary benefit of Veterans and their families in the initial amount of approximately \$1,650,000.00 per year. An overview and breakdown of this annual consideration amount is provided in Exhibits F and G, noted below:

*Exhibit F:*

<b>Financial &amp; In-Kind Consideration - Overview</b>	
Initial Rent ( <i>per year</i> )	\$300,000.00
In-Kind Services Consideration ( <i>per year</i> )	\$1,350,000.00
Area A	UCLA Veteran Legal Clinic
Area B	VA Family Resource & Well-Being Center and Mental Health & Addictions Center
Area C	Beautification, Veteran Events, etc.
<b>Total</b>	<b>\$1,650,000.00</b>



Exhibit G:

<b>Financial &amp; In-Kind Consideration – Breakdown</b>		
--	Initial Annual Rent	\$300,000.00
A	Establish and Operate a UCLA Veterans Legal Clinic on GLAHS-WLA campus	\$400,000.00
B	Design & Implement a VA Family Resource & Well-Being Center on GLAHS-WLA campus	\$500,000.00
	Design & Implement a VA Mental Health & Addictions Center on GLAHS-WLA campus	\$250,000.00
C	In-Kind Services (Campus Beautification, Veteran Events, etc.)	\$200,000.00
	<i>Subtotal Areas A, B, C</i>	<i>\$1,350,000.00</i>
	<b>Total</b>	<b>\$1,650,000.00</b>

As of the date of this report, VA has received consideration from Regents of the University of California, on behalf of the University of California, Los Angeles, to include both financial and in-kind services, as required by the executed Lease Agreement. The below Exhibits, H and I, provide a breakdown of the consideration(s) required and received by VA, from Regents of the University of California, on behalf of the University of California, Los Angeles, relative to the outlined requirements.

Exhibit H-1:

<b>Rent Requirements</b>		
	<b>Monthly</b>	<b>Annually</b>
Year #1	\$25,000.00	\$300,000.00
Year #2	\$25,250.00	\$303,000.00
Year #3	\$25,502.50	\$306,030.00
Year #4	\$25,757.53	\$309,090.30
Year #5	\$26,015.10	\$312,181.20
Year #6	\$26,275.25	\$315,303.02
Year #7	\$26,538.00	\$318,456.05
Year #8	\$26,803.38	\$321,640.61
Year #9	\$27,071.42	\$324,857.01
Year #10	\$27,342.13	\$328,105.58
<b>Total</b>	---	<b>\$3,138,663.76</b>

Exhibit H-1 summarizes the rent requirements for the Lease Agreement. Rent payments are adjusted upwardly (but not downwardly) for inflation at a fixed rate of 1 percent every year during the term of the Lease.

Exhibit H-2:

<b>Rent Payments Received</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
January	---	\$25,000.00	\$25,250.00	
February	---	\$25,000.00	\$25,250.00	
March	---	\$25,000.00	\$25,250.00	
April	---	\$25,000.00	\$25,250.00	
May	---	\$25,000.00	\$25,250.00	
June	---	\$25,000.00	\$25,250.00	
July	---	\$25,000.00	\$25,250.00	
August	---	\$25,000.00	\$25,250.00	
September	---	\$25,000.00	\$25,250.00	
October	---	\$25,000.00	---	
November	---	\$25,000.00	---	
December	\$25,000.00	\$25,250.00	---	
<b>Total</b>	<b>\$25,000.00</b>	<b>\$300,250.00</b>	<b>\$227,250.00</b>	<b>\$552,500.00</b>

Exhibit H-2 accounts for the funds remitted by the Regents of the University of California, to VA, for annual rent, per the Lease Agreement, totaling **\$552,500.00**, as of September 29, 2018. These rent payments are consistent with the rent obligations under the Lease Agreement. To date, VA has not yet utilized these funds, which must be utilized in support of the GLAHS-WLA campus redevelopment effort, as required and provided for in the WLA Act. Due diligence is in process involving several projects which will facilitate the reinvestment of these lease proceeds.

Exhibit I-1:

<b>In-Kind Consideration Requirements</b>	
Year #1	\$1,350,000.00
Year #2	\$1,350,000.00
Year #3	\$1,350,000.00
Year #4	\$1,350,000.00
Year #5	\$1,350,000.00
Year #6	\$1,350,000.00
Year #7	\$1,350,000.00
Year #8	\$1,350,000.00
Year #9	\$1,350,000.00
Year #10	\$1,350,000.00
<b>Total</b>	<b>\$13,500,000.00</b>

Exhibit I-1 provides the required amount of annual in-kind consideration, due to VA, from Regents of the University of California, on behalf of the University of California, Los Angeles.

As of July 31, 2018, the services described below have been reported by UCLA for the in-kind consideration requirement. An independent third party audit of the Lease Agreement is

currently underway to review each in-kind consideration, attribute value, and assess fulfillment of Lease Agreement requirements.

- UCLA has provided admission, at no cost, to Veterans for every home game played by the UCLA Baseball Team, hosting 32 home games.
- UCLA has continued to support a twice-weekly writing class for Veterans on the GLAHS-WLA campus. UCLA provides the instructor and course content. As of the date of this report, UCLA has held approximately 90 writing classes for Veterans.
- UCLA has planned, sponsored, and executed six Veterans Garden Clean-Up, Barbeque, and Baseball Game Events. These events are led by the UCLA Student Veterans Association (SVA) and involve a clean-up of the existing Veterans Garden on the GLAHS-WLA campus along with a Barbeque and admission to the UCLA Baseball game, all at no cost for Veterans. Since kicking-off in February 2017, UCLA has cleared, treated, and revitalized over 35,000 square feet of overgrown garden, and has provided barbeque and admission to UCLA Baseball games for Veterans following the event.
- UCLA has planned, sponsored, and executed two Veterans Movie Night in the Jackie Robinson Stadium (JRS) on the GLAHS-WLA campus, on March 11, 2017, and June 25, 2017. These events provided meals, facilities, and a movie showing for Veterans at no cost.
- UCLA has planned, sponsored, and executed: "Jackie Robinson and Veterans Appreciation Day" in the JRS on the GLAHS-WLA campus. This event provided meals, facilities, clothing, and on-field batting practice with the UCLA Baseball Team for Veterans at no cost.
- UCLA has provided admission to UCLA Sporting Events, to include Women's Basketball, Gymnastics, Men's Volley Ball, and Softball, for Veterans at no cost.
- UCLA has completed the design and implementation of the Family Wellness Center for Veterans on the GLAHS-WLA campus. This Center will be staffed with approximately 10 UCLA employees who have been hired and provides innovative supportive education, service, and preventative services integrated within a holistic family-centered framework to Veterans and their families.
- UCLA has completed the design and implementation for the UCLA Legal Clinic for Veterans on the GLAHS-WLA campus. This Center will be staffed with approximately 3 UCLA employees who have been hired and approximately 10 students per semester to provide legal support and advice to Veterans.
- UCLA is currently completing the design of the Mental Health and Addictions Center of Excellence on the GLAHS-WLA campus. VA has hired the Center Director who is currently working to develop the staffing plan and location for this Center. The mission of this Center has been defined with a focus on Veteran recovery, informed by the principles and values of a welcoming culture, Veteran choice, trauma informed approaches, housing as a basic human right, respect, and community integration.

Exhibit I-2:

<b><u>In-Kind Consideration</u></b>	<b><u>Est. Value</u></b>	<b><u>Description / Notes</u></b>
Consideration Contributed to Establish and Operate a UCLA School of Law Veterans Legal Clinic on GLAHS-WLA campus	\$400,962.00	
Consideration Contributed to Design and Implement a UCLA/VA Veteran Family Wellness Center on GLAHS-WLA campus	\$570,049.94	
Consideration Contributed to Design and Implement a VA UCLA Center of Excellence for Training and Research in Veteran Homelessness, Substance Abuse, Mental Illness, and Recovery on GLAHS-WLA campus	\$0	Center has not been established
In-Kind Services (i.e.- Campus Beautification, Veteran Events, etc.)	\$212,180.23	
Number of UCLA Baseball Home Games for which UCLA has Provided Admission at no cost to Veterans	32 UCLA Baseball Home Games	
Number of Writing Classes for Veterans hosted by UCLA	90 Veteran Writing Classes	<ul style="list-style-type: none"> <li>- Writing program meets for class every Tuesday and Saturday</li> <li>- From 8/1/17 – 6/1/18, there were approximately 180 hours of instruction</li> </ul>
Number of UCLA Student Veteran Resource Center (VRC) Events, to include Veterans Garden Clean-Ups, Barbeques, and Baseball Game Events	6 VRC Events at the WLA Campus	<ul style="list-style-type: none"> <li>- Teleflora Day at Vets Garden</li> <li>- Volunteer Day at Vets Garden</li> <li>- VA Gardening at Japanese Garden</li> <li>- Garden and Grill at Vets Garden</li> <li>- Garden, Grill, and Game at Vets Garden</li> </ul>
Number of "Jackie Robinson and Veterans Appreciation Days" Hosted for Veterans	15 Events hosted for Veterans	<ul style="list-style-type: none"> <li>- UCLA Women's Basketball Military Appreciation Day</li> <li>- UCLA Women's Volleyball Military Appreciation Day</li> <li>- UCLA Football Military Appreciation Day</li> <li>- UCLA Blue and Gold Baseball Scrimmage</li> <li>- UCLA Baseball Military Appreciation Days</li> </ul>

<u>In-Kind Consideration</u>	<u>Est. Value</u>	<u>Description / Notes</u>
		<ul style="list-style-type: none"> <li>- UCLA Gymnastics Military Appreciation Day</li> <li>- UCLA Men's Volleyball Military Appreciation Day</li> <li>- Jackie Robinson Day Veteran Baseball Camp</li> <li>- UCLA Women's Softball Military Appreciation Day</li> <li>- UCLA Football Spring Game</li> </ul>
Number of Free Tickets for Veterans to attend UCLA Sporting Events, to include Women's Basketball, Gymnastics, Men's Volleyball, and Softball (Does not include baseball games.)	301 Sporting Event Tickets used ( <i>excludes baseball</i> ) by Veterans	<ul style="list-style-type: none"> <li>- Football</li> <li>- Women's Basketball</li> <li>- Men's Volleyball</li> <li>- Women's Gymnastics</li> <li>- Women's Softball</li> </ul>
UCLA Athletics Veteran Golf Clinic on West LA VA Campus	1 Veteran Golf Clinic	

## CONCLUSION

This report provides an update on leases and land-sharing agreements carried out by VA on the VA GLAHS-WLA campus located in Los Angeles, California. This report is submitted in accordance with the requirements of section 2(j) of the WLA Act and evaluates:

- An Enhanced-Use Lease between VA and Veterans Housing Partnership, LLC for Building #209;
- A lease between VA and the Brentwood School;
- A lease between VA and Regents of the University of California, on behalf of UCLA;
- A proposed EUL between VA and Veterans Housing Partnership, LLC, for Building 205 and Building 208; and
- A proposed EUL between VA and a to be determined Lessee for Building 207.

## Estimate of Cost to Prepare Congressionally-Mandated Report

### ATTACHMENT

**Short Title of Report:**

Annual Report: West Los Angeles Leasing Act of 2016

**Report Required By:**

Provisions of 38 U.S.C. Sections 8161 through 8169, as amended by Public Law 112-226

In accordance with Title 38, Chapter 1, Section 116, the statement of cost for preparing this report and a brief explanation of the methodology used in preparing the cost statement are shown below:

<b>Manpower Cost:</b>	<u>\$1,277</u>
<b>Contract(s) Cost:</b>	<u>\$11,875</u>
<b>Other Cost:</b>	<u>\$0</u>
<b><u>Total Estimated Cost to Prepare Report:</u></b>	<u>\$13,152</u>

**Methodology:** The cost/manpower estimate for this report was calculated by multiplying the Base Year Hourly Rate, as listed in the Indefinite Delivery Indefinite Quantity (IDIQ) Contract (#VA262-16-R-0468), for the Labor Category responsible for preparing the CMR.

**\*Note:** Hours worked combined all hours worked on the direct or indirect effort to develop the CMR including: Time planning the CMR project plan, identifying data gaps, developing definitions, building report methodology, designing report infrastructure, reviewing historical information, coordinating with multiple Offices and Sections, writing the report, reviewing the report, designing report sustainment plan and finalizing the report.

**\*Note:** It is anticipated that this initial CMR on West Los Angeles Leasing Act of 2016 will be substantially greater than in subsequent years given the initial investment in planning and developing the infrastructure required to complete the legislative reporting requirement.