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Foot Traffic: Caruso Affiliated will open a new retail property across the street from its established Americana at Brand mall.

PHOTO BY THOMAS WASPER

BUYING IN

Mall developer grows in Glendale with temple project

By **CHAMPAIGN WILLIAMS** Staff Reporter

RETAIL developer **Caruso Affiliated** plans to grow its presence in Glendale by expanding across the street from its Americana at Brand mall.

Earlier this year, the firm announced the purchase of an 18,000-square-foot lot at the northeast corner of Brand Boulevard and Colorado Street. The acquisition, from homebuilder **Frank De Pietro & Sons**, included the historic Masonic Temple and two adjacent buildings at 232-38 Brand.

The plan is to revamp the multilevel temple into a creative office building and to erect a one-story retail center on the vacant land next door. Construction has started on the temple project, which will open in January as an office for L.A.-based real estate brokerage **CBRE Group Inc.**

Evan Krenzien, vice president of development at Caruso, which is headquartered in L.A.'s Fairfax District, estimated that construction on the retail portion of the development will take about six months.

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Homeless to Get Place to Recover

NONPROFIT: Mission's center hopes to curb dumping of patients on streets.

By **STEPHANIE HENKEL** Staff Reporter

Hospitals face a conundrum with homeless patients. By law, a hospital must treat emergency situations, regardless of a person's ability to pay. But what happens once the homeless person is out of immediate danger?

Putting the person back on the street, a practice known as "patient dumping," has prompted Los Angeles City Attorney **Mike Feuer** to file multiple lawsuits in the last two years against San Fernando Valley

hospitals, including **Glendale Adventist Medical Center** and **Pacific Hospital of the Valley**.

Enter **Hope of the Valley Rescue Mission**. The nonprofit is building a Recuperative Care Center in Mission Hills, a homeless shelter that will specialize in recovery care for the homeless after discharge from hospitals.

"It's for people who don't qualify to go into a standard shelter because of their condition," said **Ken Craft**, chief executive at Hope of the Valley. "Here, we are staffed with medical personnel who can care for them and nurse them back to health before we get them another level of housing."

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HQ Booked By Educator

EDUCATION: Operator of charter schools relocates in Lancaster.

By **MARK R. MADLER** Staff Reporter

One of the largest vacant buildings in Lancaster will be the new headquarters for a charter school operator that wants to expand through work-training programs for high schoolers.

Learn4Life will move into the two-story building at 177 Holston Drive early next year, relocating from three separate offices on 10th Street West that the nonprofit consortium now uses.

But the new location, a former mortgage lending call center, will be more than just offices. It will also function as a school with ample space available for work-related educational programs,

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Audio Firm On the Move

TECHNOLOGY: DTS looks to car, mobile markets with pickup.

By **STEPHANIE HENKEL** Staff Reporter

DTS Inc., an audio technology developer in Calabasas that typically licenses its products for commercial and home theater systems, now wants to expand its share of the car radio and mobile device markets.

Earlier this month, the company completed its acquisition of **iBiquity Digital Corp.**, the sole developer and licensor of HD Radio technology. DTS paid \$172 million using a combination of debt and cash.

HD Radio, a trademarked term, is the only technology approved by the Federal Communications Commission to upgrade from analog AM and FM broadcasting to digital. All

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SPECIAL REPORT REAL ESTATE QUARTERLY



NOHO RENEWAL: Hotel, apartment and retail builders are scrambling for land near the NoHo Arts District. The big prize: 15.6 acres around the Metro train and bus stations that are still up for grabs.
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Nonprofit: Mission Homes In on ‘Patient Dumping’

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Formerly an airplane parts distribution plant, the 16,000-square-foot building at 11134 Sepulveda Blvd. was purchased for \$1.6 million. Construction crews are building the interior so it can hold 30 beds for recuperative care, medical and mental health clinics, a community health clinic, housing and job placement services as well as a commercial kitchen that will provide a full culinary arts program for its residents and food for various Hope of the Valley locations.

The community clinic, which will be open to the public, will be run by a federally qualified third-party medical provider that will rent the space from Hope of the Valley and treat the center’s homeless patients. The facility is set to open by the end of the year.

In addition to the purchase price, Hope of the Valley has invested an additional \$1.8 million into construction, bringing the cost of the project to \$3.4 million. Hope of the Valley funded it through donations, which brought in around \$650,000 plus an additional \$400,000 in pledges, Craft estimated. The nonprofit organization secured a construction loan for the project, but anticipates that its fundraising

campaign, which is in progress, will pay off the loan.

Operating costs

Hope of the Valley representatives declined to discuss the details of its operating costs, but did discuss how hospitals will contribute to the cost of running the facility. To admit patients to the Recuperative Care Center, hospitals will pay a service fee that is about 10 percent of what it would cost them to keep the patient in a hospital bed.

The nonprofit will also implement a tiered system to determine what hospitals will pay daily for each patient. Covering a patient who is unable to perform activities of daily living will cost \$300 a day, \$200 will provide for a patient who can perform limited activities of daily living and \$125 will cover patients who are stabilized.

According to the **Hospital Association of Southern California**, homeless individuals stay on average four days longer than other patients while social workers and staff look for resources to help them. That translates to lost revenue for a hospital because a nonpaying patient occupies space that could be given to a paying patient. This, in turn, can increase prices for paying patients to counterbalance



PHOTO BY DAVID SPRAGUE

Loaded: This old shipping dock will become a patio at the Recuperative Care Center.

costs incurred from nonpaying patients.

Allen Miller, chief executive at **Cope Health Solutions**, a health care management consulting firm in Los Angeles, said in an email to the Business Journal that the Affordable Care Act has helped some homeless individuals gain access to primary and pre-

ventive care, potentially reducing emergency-room visits. But holes in the system remain.

“A significant number of homeless individuals are insured as a result of the ACA and Medicaid expansion,” said Miller. “However, few homeless individuals know they are insured, and an even fewer number of homeless individuals understand how to use health insurance to access the primary care and specialty care they need.”

Despite health reform, homeless dumping remains a problem in the San Fernando Valley. Last year, Glendale Adventist had to pay \$700,000 for dropping a homeless patient off on Skid Row in downtown Los Angeles. **Kaiser Permanente** has also had its share of legal troubles regarding discharge. In 2007, it agreed to a first-of-its-kind settlement requiring the managed care provider to implement more rigorous discharge procedures, more extensive employee training and oversight by a court-appointed monitor.

Furthermore, the Affordable Care Act provides for a reduction in Medicare and Medicaid payments to hospitals if a homeless person is back in the emergency room within 30 days.

“Hospitals have to come up with a solution that deals with the systemic issues of the homeless person’s problems,” said Craft. “If they take that homeless person and dump them back on the street and they have a relapse or an aggravated condition, then they are going to have to come right back to the ER.”

Hope of the Valley aims to answer those problems and has already partnered with **Providence Health & Services**, which has locations in Burbank, Mission Hills and Tarzana; **Dignity Health**, with hospitals in Glendale and Northridge; West Hills Hospital and Medical Center, owned by for-profit **HCA Healthcare**; and Kaiser Permanente, which has several Valley locations.

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Upgrade: Hope of the Valley estimates purchase and remodel costs for the new center, shown in a rendering, at \$3.4 million.

Technology: Audio Firm Cues Up Mobile Moves

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36 of the major auto brands sold in the United States offer HD Radio in a portion of their vehicles, sometimes as a standard feature. In 2014, iBiquity’s HD Radio was built into about 35 percent of all automobiles sold in the country.

Jordan Miller, director of global communications for DTS, said more than 25 million vehicles on North American roads are already equipped with DTS sound systems and/or HD Radio technology. He added that approximately 90 percent of Americans listen to broadcast radio and, on average, spend six-plus hours a week listening in their cars.

DTS expects those numbers to continue to

grow, which made iBiquity an attractive target.

“This transaction is a compelling strategic and financial fit,” Miller said. “It gives DTS a bigger footprint in the automotive space as well as increases overall awareness of DTS and perceived listener value.”

HD Radio improves sound quality, eliminates static and other interference, and multicasts programs simultaneously. However, unlike the move to digital TV, consumers decide whether or not to make the switch. Radio stations will continue to broadcast both analog and digital signals.

Besides growing its presence in the auto sector, DTS also plans to expand its reach in the mobile market.

The company already licenses software to

mobile phone manufacturers that helps them improve sound quality in their devices. That should help DTS penetrate that market with its HD Radio product.

Many mobile phone manufacturers are including FM chips in their products, including cellphones and tablets. The boost in FM chip incorporation could further increase DTS’ mobile market share as popularity for HD Radio technology grows.

iBiquity employs around 120 people at its offices in Auburn Hills, Mich., and Piscataway, N.J., as well as its headquarters in Columbia, Md.

DTS’ new HD Radio division will operate out of the Columbia facility under the leadership of former iBiquity Chief Executive **Bob Struble**. DTS’ Miller added that additional

members of the iBiquity management team will be retained at this time.

So far, the acquisition has had a positive effect on DTS shares. The stock closed Oct. 14 at \$28.75, up 6.8 percent from its pre-acquisition price.

“Given that it is an accretive acquisition and has positive benefits to both sector penetration and the company’s overall profit profile, we would expect estimates to move higher as well as the investors’ comfort in assigning a higher valuation multiple,” said **Eric Wold**, a financial analyst at West L.A. brokerage **B. Riley & Co.**

But Wold estimated in a Sept. 3 report on DTS that the acquisition could potentially increase his 2016 operating income estimate for the company by as much as 66 percent.

Health Care: Center to Give Homeless Shot in Arm

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But **Jennifer Bayer**, vice president of external affairs for the Hospital Association of Southern California, said the Recuperative Care Center won't solve the entire problem.

"The thing about recuperative care is it is only successful for a segment of the homeless population," she said. "There are many different types of homeless individuals, and there are many homeless individuals who will refuse to go into recuperative care or any follow-up service."

Bayer emphasized that homeless individuals must meet certain criteria to even be eligible for recuperative care, but added that this is a step in the right direction to combat homelessness, which she said should be tackled at a community level.

'There are many homeless individuals who will refuse to go into recuperative care or any follow-up service.'

JENNIFER BAYER,
Hospital Association
of Southern California

Prior to Hope of the Valley's Recuperative Care Center, the Valley had no facilities of this kind, highlighting the lack of community involvement and infrastructure when it comes to this problem. The closest recovery shelter to the Valley is on downtown's Skid Row. Just transporting homeless people there can lead to some individuals refusing care because it's out of their familiar territory, said Hope of the Valley's Craft.

"Hospitals are mandated to treat and stabilize anyone that shows up to the emergency room, but hospitals have few options when it comes to discharging homeless patients who simply need a place to recuperate," said Cope's Miller.

Hope of the Valley's new facility could also reduce the number of "frequent fliers," homeless individuals that recurrently cycle in and out of emergency rooms, ultimately reducing hospital ER costs.

"For the first time, many individuals will have the appropriate care to recover, recuperate and have access to an incredible array of services to end their homelessness and get them into permanent housing," **Jennifer Lopez**, community benefit manager for Kaiser Permanente Woodland Hills, one of the hospitals partnering with Hope of the Valley, said in a statement. "(Hope of the Valley's) ability to break the cycle of homelessness will be a welcome addition to the San Fernando Valley."



Recovery: Ken Craft, chief executive at Hope of the Valley Rescue Mission, stands in one of 30 future patient rooms at the center. PHOTOS BY DAVID SPRAGUE



Rough: Construction workers and equipment in the future dining room at the Recuperative Care Center in Mission Hills.

Education: Site Makes Grade as School Firm's HQ

Continued from page 1

which eventually could include computer repair and agriculture.

Steve Gocke, executive vice president of operations at Learn4Life, said an existing kitchen at the building will be repurposed and set up as a culinary program for high school-age students.

"There will be kids coming in there for culinary certificates and on-the-job training," Gocke said.

That is just the start for the expansion of services that the nonprofit has in mind. In the works are opening centers outside of California, working with employers through internships and developing workplace training programs that prepare students for jobs in relevant industries.

Learn4Life, founded in 2001 in Lancaster, coordinates and provides administrative support for a network of 16 charter schools that runs from Southern California to Sacramento. The nonprofit also has a program in Columbus, Ohio. Each school is independently operated under the Learn4Life brand name with its own board and budget. Learn4Life is a consortium controlled by the individual schools.

The consortium serves students from public grade and high schools who have fallen behind in their studies due to economic issues at home, pregnancies or other factors. The purpose of the school's program is to get the students back on track to avoid dropping out. Certified teachers set up individualized lesson plans and students stay with Learn4Life on average for about a year before returning to their regular school, Gocke said.

"We work with them on specific courses to

get them caught up," he added.

In the Antelope Valley, about 2,000 students are served at three schools – Desert Sands Charter High School, Assurance Learning Academy and AV Learning Academy.

There are about 547,000 students attending more than 1,100 charter school in the state, according to the **California Charter Schools Association**. An additional 158,000 students were on waiting lists for the 2014-15 school year, the most recent period available to the association.

School economics

Charters are public schools that receive tax monies just like any traditional school district. However, students and parents must request to attend a charter, so they face a recruiting issue. Charters try to offer an advantage over regular schools in terms of curriculum, facilities and

learning methods.

Stuart Ellis, chief executive of **Charter School Capital**, a Portland, Ore., firm that provides financial and facilities support to charters and will be Learn4Life's new landlord in Lancaster, said the difference with charters is their flexibility in curriculum, management approach and geographic reach for students.

Charters can be like Learn4Life and focus on dropout prevention; others have an emphasis on special education services, foreign-language immersion, the arts, athletics or science and math.

"It creates school choice for those who cannot afford a private school or are not being served well by a traditional school district," said Ellis, who grew up in the West San Fernando Valley before attending college at **UC Berkeley**. He pointed out that his high

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