

**Board Report**

File #: 2022-0504, **File Type:** Program**Agenda Number:** 15.

**PLANNING AND PROGRAMMING COMMITTEE
NOVEMBER 16, 2022****SUBJECT: TRANSIT ORIENTED COMMUNITIES ECONOMIC DEVELOPMENT PROGRAM AND INVESTMENT FUND****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION****CONSIDER:**

- A. APPROVING the Transit Oriented Communities Economic Development Program (EDP) and \$5 million for the implementation of the Transit Oriented Communities Economic Development Investment Fund ("Fund") with disbursement contingent upon the Metro Board of Directors (Board) approval of the Fund Guidelines; and
- B. AUTHORIZING the Chief Executive Officer or designee to enter into multiple agreements with financial institutions, the State of California, County of Los Angeles, cities, and other eligible entities to contribute to the Fund.

ISSUE

The EDP, including the Fund, was developed in response to direction from the Metro Board of Directors (Board) to support and prevent the displacement of small businesses near transit and in, or adjacent to, Equity Focused Communities (EFCs). The proposed program includes a two-year pilot for businesses within a ½-mile radius along the recently completed K-Line and the Little Tokyo community along the soon-to-be-completed Regional Connector (Attachment A - Pilot Corridor Maps). Board approval is required to implement the EDP and establish the Fund.

BACKGROUND

The Metro Board approved a \$1 million investment in the Small Business Assistance Loan Program in August 2016. There was limited interest in the original assistance program due to some of the lending parameters. The program was in the process of being restructured when the COVID-19 global pandemic occurred. The Board took immediate steps to assist impacted businesses and partnered with the Los Angeles County Development Authority to create the COVID-19 Recovery Loan Program in May 2020, with a directive for staff to return to the Board with revised program guidelines for a longer-term small business assistance program (Attachment B - Board Motions).

Approximately \$853,000 in Small Business Assistance Loan Program funding was reallocated for the Recovery Loan Program, with repayment proceeds reserved for future iterations of the Metro small business assistance program.

In 2021, staff began restructuring the small business assistance program, to ensure that the program met the needs of businesses in the community. Metro sponsored two (2) roundtable discussions with economic development stakeholders, including financial institutions, community development financial institutions (CDFIs), chambers of commerce, community-based organizations, local jurisdictions, and business source centers. Metro has continued outreach meetings and interviews with more than 100 financial institutions-including retail and commercial banks, credit unions, investment banks, and brokerage firms-and other economic development stakeholders, including business associations, business improvement districts, chambers of commerce, community development corporations, economic development corporations, small business development corporations, think tanks, and other public sector entities helping small businesses.

TOC staff reviewed and analyzed comments received from the roundtable discussions and stakeholder interviews and conferred with colleagues from the Offices of Management and Budget, Diversity and Economic Opportunity, Countywide Planning and Development, and the Office of the Chief of Staff regarding other Metro community serving economic development activities. Metro currently offers the Business Solution Center, Business Interruption Fund, and Eat Shop Play programs to support businesses during construction, but currently there is no Metro program to support businesses near transit post-construction.

DISCUSSION

To support Metro's infrastructure and transit investment and maintain community partnerships, Metro proposes the EDP, which includes 1) the Fund and 2) Station Area Activation. The EDP outlines a comprehensive strategy to support, sustain, and grow small businesses and eligible nonprofit organizations near transit consistent with Board directives and Metro's TOC Policy Goal to stabilize and enhance communities. The EDP, including the Fund, provides critical tools to prevent the displacement of small businesses and nonprofits near transit and in or adjacent to an EFC.

The goal of the EDP is to create a safe and pleasant environment to access transit and increase transit ridership by facilitating commercial revitalization, stimulating private investment, preserving and beautifying commercial corridors, and generating commerce with resulting sales tax benefits. The EDP and the Fund are consistent with the U.S. Department of Transportation Justice40 initiatives, and the responsibilities outlined in Metro's enabling statute in the California Public Utilities Code Section 130001 including:

“(h) Transportation planning should recognize that transportation systems have significant effect on the physical and socioeconomic characteristics of the area served, and emphasis should be given to the protection and enhancement of the environment and restoration of blighted neighborhoods near community centers.”

Need

Small businesses are an important component of the economy and a key driver of production, employment, and growth. They employ approximately half of the private workforce in the U.S. There are more than 250,000 local small businesses and nearly 1.1 million sole proprietors in Los Angeles County. These businesses account for 43 percent of the local workforce and make L.A. County the country's largest small business economy. Access to capital has been a longstanding challenge for small businesses particularly those in historically disadvantaged communities. According to the National Bureau of Economic Research, since the start of the pandemic, Black-, Latino(a)-, and Asian-owned businesses have had higher closure rates than White-owned businesses nationwide. JPMorgan Chase Institute reported that over the same period, Black, Indigenous and People of Color (BIPOC) owned firms have faced larger cash balance and revenue declines than non-Latino(a) and White-owned firms, with the impact of the crisis particularly severe among Black- and Asian-owned businesses.

The Los Angeles County Small Business Ecosystem Assessment indicates that there has been a historic unmet demand of \$60 billion in capital for small businesses in L.A. County annually, with pronounced gaps of traditional and alternative lending in BIPOC neighborhoods. This unmet demand has been magnified through the COVID-19 crisis and exacerbated in BIPOC communities surrounding the K Line and Little Tokyo. The K Line opened on October 7, 2022, and the Regional Connector is scheduled to open in the coming months. Inflation is on the rise, and time is of the essence to create a program that positively integrates Metro's goal of transit expansion and the consideration of community impacts, including impacts to small businesses and nonprofits with social enterprises related to economic development.

Pilot Corridor(s)

Staff recommends launching the EDP and establishing the Fund as a two-year pilot program for businesses within a 1/2-mile radius of the K Line alignment and Little Tokyo segment of the Regional Connector (Attachment A) to maximize business preservation after construction of new rail lines. These culturally rich and vibrant communities are recognized as cultural destinations and points of interest that draw visitors. They are comprised of resilient family, women, BIPOC owned businesses and nonprofits that serve their surrounding communities. According to Civic Economics, approximately 68 percent of revenue generated by local businesses stays within the community through employment of community residents, compared to 43 percent of revenue generated by non-local businesses. The two-year pilot Fund will provide ample time to review and assess best practices, challenges, the transit experience, and ridership. It will also provide an opportunity to refine and enhance the program where challenges have been identified. The diversity of business types, sizes, and need along these corridors create an excellent opportunity to creatively address a plethora of financing challenges.

TOC Economic Development Program Components

In response to stakeholder feedback and research, the EDP includes two critical program elements: the Fund and Station Area Activation:

1. The **Fund** will be managed by a Program Administrator and provide financial resources and technical assistance to small businesses and eligible nonprofit organizations along the pilot

corridors. Metro is proposing a one-time \$5 million investment and up to \$816,000 in repayment proceeds anticipated from the COVID-19 Recovery Loan Program to establish the Fund. Metro's contribution will be leveraged with private investment and public partners to maximize the Fund's ability to assist small businesses and nonprofit organizations and transform transit-oriented communities. The Fund is intended to provide access to capital through the following products:

- *Fixed Asset Loans*
 - o Real Estate Acquisition Loans (\$25,000 to \$5 million)
 - o Commercial Façade and Tenant Improvement Loans (\$25,000 to \$250,000)
- *Short-Term and Long-Term Working Capital Loans* (\$500 to \$500,000)

Underwriting should: (1) be commensurate with the loan types and terms offered; (2) consider the nature of the markets where the loans are made; (3) consider the borrower's willingness and ability to repay; (4) establish a credit review process; (5) take adequate account of concentration risk; and (6) be appropriate for the institution's size, nature, and business activity.

Eligibility criteria, funding partners and their respective contributions, metric-based results, and underwriting guidelines ("Fund Guidelines") will be refined in consultation with the Program Administrator and presented to the Board prior to program launch and Metro's \$5 million contribution.

Technical Assistance

Technical assistance is a vital component of the Fund. Business technical assistance efforts develop sustainable and financially stronger businesses. It helps small businesses compete. Lenders require substantial documentation reflecting the borrower's management capacity, business track record and most importantly, showing that the business can generate the income needed to repay the debt. While the existing Metro construction mitigation programs offer general technical assistance to businesses during construction, the technical assistance proposed here is specifically intended to assist businesses in accessing the resources of the proposed Fund going forward, such as application preparation, credit counseling, reporting requirements, etc.

Funding Partnerships

Staff is working with financial institutions, the State of California, County of Los Angeles, cities, and other eligible entities to contribute to the Fund. Metro's seed money establishes the Fund, but more resources are needed to implement the targeted two-year pilot program. A \$5 million commitment will allow Metro to attract additional investment into the Fund and have a measurable impact along the identified corridors. Partnering with existing programs to build on Metro's commitment can considerably increase the participation of financial institutions and

private investment.

The American Rescue Plan Act of 2021 reauthorized and expanded the State Small Business Credit Initiative (SSBCI) Program, providing \$10 billion to expand access to capital for small businesses emerging from the pandemic, build ecosystems of opportunity and entrepreneurship, and create high-quality jobs. California applied for funding and was awarded \$1.81 billion to help small businesses over the next 10 years. The funds have been equally distributed between the California Pollution Control Financing Authority (CPCFA) in the Office of the Treasurer and the *IBANK* in the Governor's Office. The funds will be used for a Collateral Support Program and Loan Guarantee Program that will offer up front assistance to businesses with gaps in collateral during the underwriting process as well as a mechanism for private lenders to capture funds from defaulted loans.

Metro has been in active conversations with the State about the Fund, and its compatibility with State programs. Should the Board approve the EDP and authorize the establishment of the Fund, Metro will seek to formalize partnerships with the State, which will better position the Fund for private investment. Those agreements would be contingent on Board approval of the Fund Guidelines.

Program Administrator

CDFIs will be requested to respond to a Program Administrator Request for Proposal (RFP). As mission-driven lenders, CDFIs are focused on helping communities that are underserved by traditional financial institutions to become participants in the economic mainstream. They inject capital into these communities by financing small businesses, nonprofits, microenterprises, commercial real estate, community facilities, and affordable housing with low-interest loans from public and private sources. The CDFI Fund at the U.S. Department of the Treasury certifies CDFIs and mandates that at least 60 percent of CDFI financing goes into low- and moderate-income (LMI) populations and other underserved communities. Large financial institutions realize the benefits of CDFIs and partner with them to ensure compliance with the Community Reinvestment Act. The SSBCI also identifies CDFIs as lenders for their programs.

Should the Board approve the EDP and establishment of the Fund, staff anticipates issuing an RFP in mid-2023 to secure a Program Administrator. While staff will require one point of contact for the program administration, the scope of work will include significant technical assistance and expert knowledge of several programs. Therefore, applicants will be allowed to submit alone or with entities that can assist in meeting program requirements.

2. The **Station Area Activation** component of the EDP utilizes Metro real estate and plays a crucial role in small business sustainability and growth. Station Area Activation incorporates previous Board actions that stimulate economic activity, including the Small Scale Retail Pilot Program which will be initiated at the Willowbrook/Rosa Parks Station, restructuring of the Plaza Vending Program at the Westlake MacArthur Park Station, and facilitating activation at the Compton Station with consideration for additional sites. Additional opportunities may arise from ground floor commercial space in Metro Joint Development projects and resulting from

Metro's Housing Accelerator initiatives.

DETERMINATION OF SAFETY IMPACT

These recommendations have no adverse impacts on safety, but place, social, individual, and temporal characteristics impact perceived safety in rail-based station environments. Lighting, surveillance, other people's behaviors, time of day and one's gender are among the important characteristics impacting safety perceptions. Open environments and high visibility of and by others is important in several studies. The presence of activities such as cafes, kiosks, or shops to keep these areas busy creates visibility, and natural surveillance increases safety and transit ridership.

FINANCIAL IMPACT

The adopted FY 2023 budget includes \$200,000 in Cost Center 2210, Project 610025 (TOC Small Business) to initiate program administration. The \$5 million dollars requested to establish the pilot Fund represents a one-time investment used to secure additional financial resources, and to create a revolving lending program. Fund disbursement is contingent upon Board approval of the Fund Guidelines. Since this is a multi-year program, the Cost Center Manager and Chief Planning Officer will be responsible for budgeting in future years. Although it cannot be directly quantified at this time, helping small businesses thrive will result in additional sales tax dollars.

Impact to Budget

The funding for this program is General Funds. These funds are eligible for Metro bus and rail capital and operating expenditures.

EQUITY PLATFORM

The EDP's Fund has the potential to positively impact over 200 small, legacy and locally owned businesses, and nonprofit organizations with social enterprises that have 1 - 100 employees located within 1/2 mile of the K Line and the Little Tokyo segment of the Regional Connector, the surrounding community, and transit riders. Business ownership reflects several cultural backgrounds including, African American, Asian American, Latinx, and White. Women own 36 percent of the businesses, and only 30 percent of these businesses own the facility in which they operate.

The EDP will provide: 1) technical assistance and access to capital, 2) access to private equity financing to fund startups, early-stage, and emerging companies, and 3) a pipeline to sustainability and growth for small businesses and nonprofits with a social enterprise. A social enterprise is an organization or venture (within an organization) that advances a social mission through market-based strategies. These nonprofit organizations, entrepreneurs, and merchants with microbusinesses, such as those permitted to operate on Metro plazas as part of our station area activation activities will benefit from the EDP and the Fund.

The surrounding community and transit riders also benefit from the EDP with a safe and pleasant environment to access transit by facilitating commercial revitalization, stimulating private investment,

preserving and beautifying commercial corridors, and generating commerce. The EDP offers a comprehensive approach to help prevent displacement of small businesses and cultural displacement.

If the Fund is successful, the program may be expanded to other corridors throughout the county, and thus expand these opportunities to these communities and more as future transit corridors come online. Additionally, Metro's outreach will expand beyond the over 100 economic development stakeholders it has engaged to include local economic development organizations with expertise in these communities. The proposed actions mitigate lingering construction impacts and provide a strategy to address the challenges of small businesses in BIPOC communities facing rising inflation and rents while enhancing the ridership experience and areas surrounding Metro's stations.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These recommendations support Vision 2028 Strategic Plan Goals 3 and 4. The EDP and the Fund are grounded in enhancing communities and lives through mobility and access to opportunity (Strategic Goal 3) by working with economic development stakeholders to leverage the public transportation system to create a safe and pleasant environment to access transit and increase transit ridership by facilitating commercial revitalization, stimulating private investment, and supporting the preservation and growth of small businesses near transit. Additionally, the need for transforming LA County through regional collaboration and national leadership (Strategic Goal 4) is greater than ever with the anticipation of the World Cup and Olympics. Metro is well-positioned to partner with LA County jurisdictions to create a national model for supporting small businesses in underrepresented communities by leveraging transportation assets to spur revitalization, enhance the ridership experience, and address safety concerns.

ALTERNATIVES CONSIDERED

The Board could choose to not approve the EDP and the establishment of the Fund. Staff does not recommend this. Gentrification and displacement are contrary to Metro's Equity Platform and Strategic Goals. With rising inflation, increasing rents, and the lack of access to capital, the consequences of non-action include the potential displacement of small, BIPOC, legacy businesses renting along the proposed corridors, and disinvestment in the communities surrounding Metro's multibillion-dollar transit investment.

NEXT STEPS

Should the Board approve these recommendations, staff will develop the RFP for a Program Administrator and finalize agreements with financial institutions, the State of California, County of Los Angeles, cities, and other eligible entities in early 2023. It is anticipated that the RFP will be issued in mid-2023 concluding with the launch of the Fund at the end of the year. Staff will return to the Board with the selected Program Administrator, and Fund Guidelines. Board approval of the Fund Guidelines will be required prior to launching the Fund and depositing Metro's Fund contribution.

ATTACHMENTS

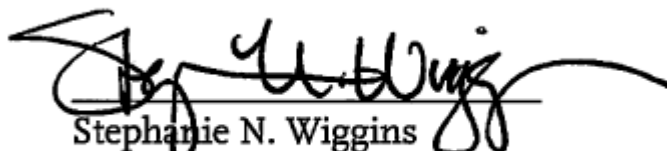
Attachment A - Pilot Corridor Maps

Attachment B - Metro Board Motions

- September 2015 Board Motion (File Number 2015-1479)
- April 2020 Board Motion (File Number 2020-0307)
- January 2021 Board Motion (File Number 2020-0910)

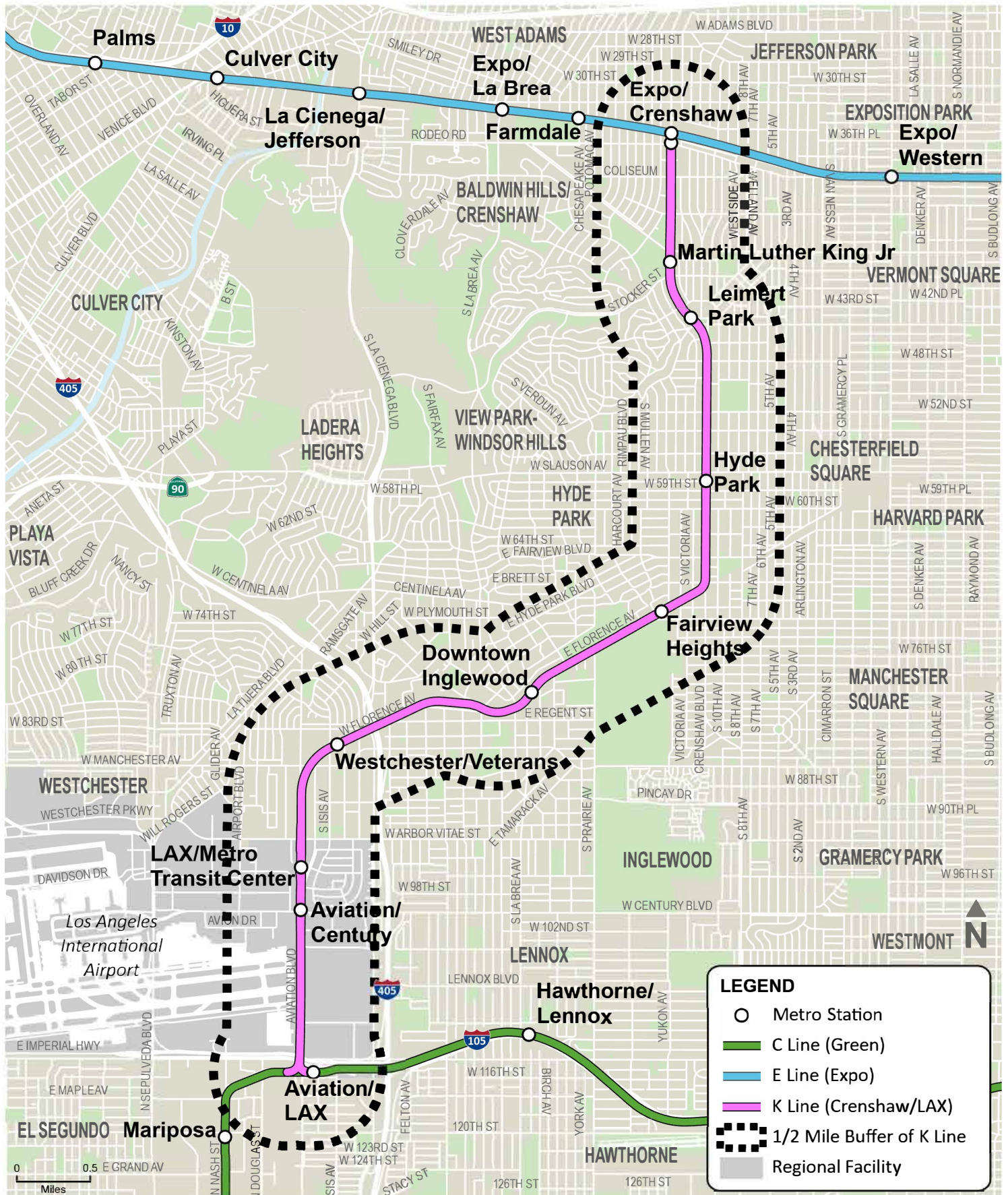
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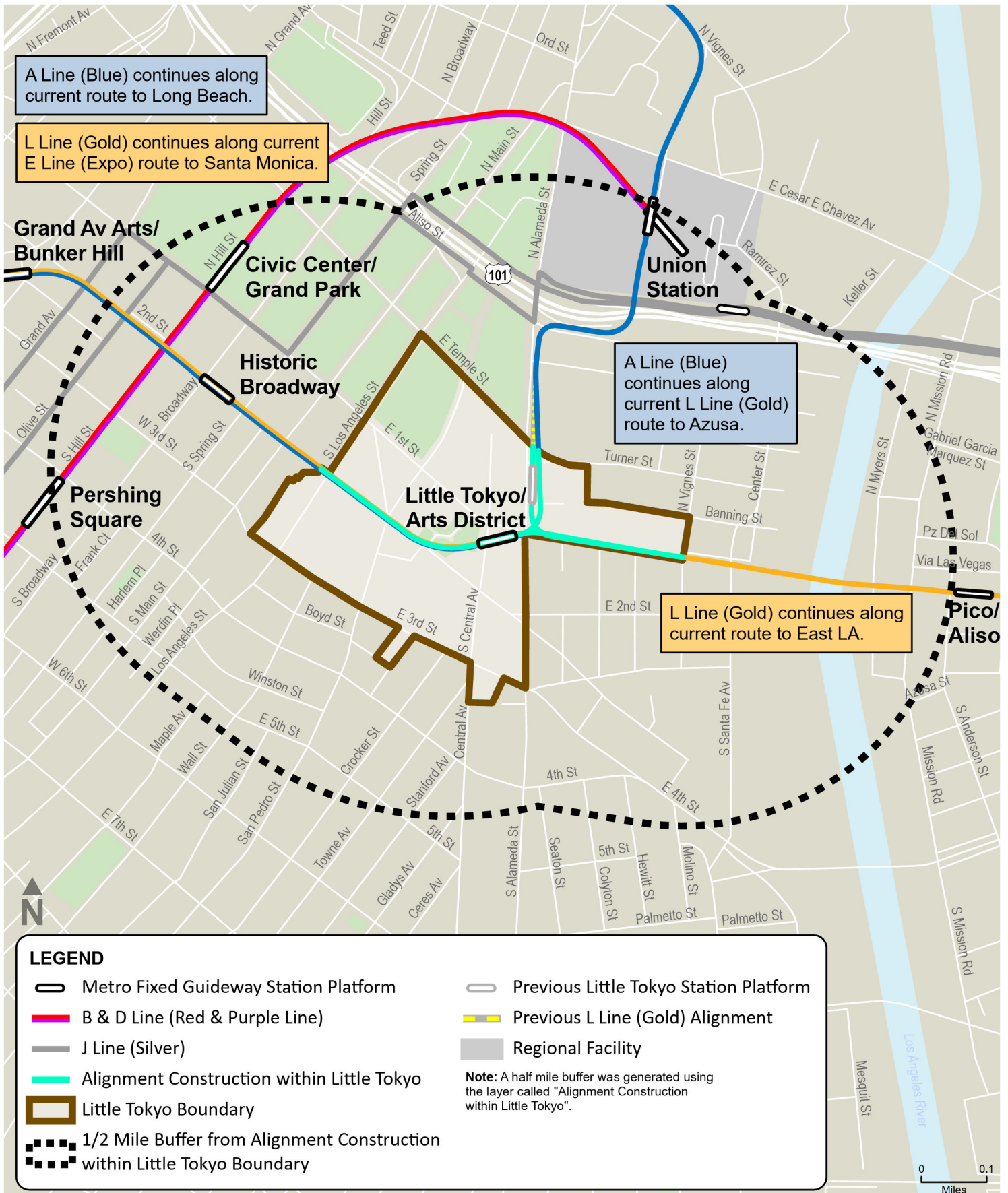


Stephanie N. Wiggins
Chief Executive Officer

K Line (Crenshaw/LAX)



Little Tokyo Station





Metro

Board Report

File #: 2015-1479, File Type: Motion / Motion Response

Agenda Number: 58.

**REGULAR BOARD MEETING
SEPTEMBER 27, 2015****Motion by:****Ridley-Thomas, Garcetti, Dupont-Walker and Kuehl**

September 27, 2015

**Relating to Item 58, File ID 2015-1088;
IMPLEMENTATION OF AFFORDABLE HOUSING AND BUSINESS LOAN FUNDS**

In March 2015, the Metropolitan Transportation Authority (Metro) Board of Directors (Board) directed the Chief Executive Officer to negotiate the terms and conditions for Metro's participation in a multi-partner Countywide Transit-Oriented Affordable Housing and Business Loan Fund (Proposed Fund). The purpose of the Proposed Fund was to promote development and preservation of affordable housing and small businesses within a half-mile of Metro rail stations, bus rapid transit or rapid bus stops.

Staff has engaged members of the community development and finance communities in exploring potential formats for the Proposed Fund with an emphasis on transit oriented communities. While the residential and commercial purposes of the Proposed Fund are synergistic, their administration, approach and objectives are materially different, therefore necessitating two separate funding frameworks.

With regard to the Affordable Housing Loan Fund, staff has identified a consortium led by the California Community Foundation and Low Income Investment Fund that has the local experience, depth of potential investor interest and deep experience in creating and implementing housing investment funds to meet the Board's objectives for this investment. The consortium has committed to securing over \$60 million to match Metro's \$10 million commitment in order to meaningfully capitalize the loan fund.

With regard to the Business Loan Fund, staff has reached out to a number of impacted stakeholders, and has indicators that a potential comprehensive package of loan products requires additional consideration. However, staff has identified an immediate and critical gap in available funding for commercial tenant improvements both as a component of mixed-use affordable housing projects and in small, free standing commercial properties in close proximity to transit facilities, but the challenge extends to community-based retail tenants within one and one-half mile of transit corridors. With

regard to ground floor retail in mixed-use affordable housing projects, a study by the City of Los Angeles indicated that nearly 20% of the City of LA's funded affordable housing projects have vacancies, with most of these vacancies concentrated in underserved neighborhoods. In addition, Metro affordable housing joint developments have chronic vacancies at Hollywood and Western, Westlake MacArthur Park, 1st and Boyle, and Del Mar Stations. Providing grants to support the establishment of local, small businesses within projects such as these can support local economic development initiatives and promote job creation while lowering the risks of displacement and contributing to the revitalization of transit-oriented communities.

MOTION by Ridley-Thomas, Garcetti, Dupont-Walker and Kuehl directing the Chief Executive Officer to move forward with implementation of Affordable Housing and Business Loan Funds as follows:

- A. Engage the consortium led by California Community Foundation and Low Income Investment Fund to negotiate terms and conditions, in a multi-partner Countywide Transit-Oriented Affordable Housing Loan Fund to support the production and preservation of transit-oriented affordable housing (including mixed use projects) that leverages Metro's financial contribution, as previously approved by the Board in March 2015, and return to the Board for approval of the final terms and conditions;
- B. Design a pilot Countywide Transit-Oriented Small Business Loan Fund program to provide financing under favorable terms for commercial tenant improvements within transit adjacent, mixed use (including affordable housing) or commercial projects with particular emphasis on tenant improvements for local small businesses, with priority for ones that have been operating in the community for at least 5 years. Should Metro be unable to administer the loan fund internally, the agency should contract with an external administrator with relevant expertise (e.g. community development financial institutions, banks, the Community Development Commission, or small business centers);
- C. Continue research and engagement with community development financial institutions, municipalities, private sector banks, regional economic development corporations, and other interested parties on the potential expansion of the Countywide Transit-Oriented Small Business Loan Fund program to include a variety of financial products and report back within 120 days;
- D. For purposes of furthering the above described objectives, amend the budget to initially allocate \$500,000 of the previously-committed funding for the Affordable Housing and Business Loan Fund to the pilot Countywide Transit-Oriented Small Business Loan Fund, to be dispersed over the next two fiscal years, and be administered by the Office of Management and Budget and the Diversity & Economic Opportunity Department, in coordination with the Office of Countywide Planning and Development; and
- E. Provide a quarterly written update to the Board on the status, implementation and impacts of both Loan Fund programs.

**Metro****Metro****Board Report****File #:** 2020-0307, **File Type:** Motion / Motion Response**Agenda Number:** 43.**REGULAR BOARD MEETING
APRIL 23, 2020****Motion by:****DIRECTORS RIDLEY-THOMAS, KUEHL, BUTTS, GARCETTI, and
DUPONT-WALKER****Assistance to Transit-Oriented Businesses in Response to COVID-19**

On August 25, 2016, Los Angeles County Metropolitan Transportation Authority (Metro) Board of Directors approved the Transit-Oriented Communities (TOC) Small Business Program, allocating \$1,000,000 in loan funding for tenant improvements to ground floor retail spaces in affordable housing projects near High Quality Transit Nodes.

The purpose of the TOC Small Business Program was to provide low-interest, flexible loans to support small businesses that are located close to public transit. The TOC Small Business Program funding has been allocated to the Los Angeles County Development Authority (LACDA), to administer the program on behalf of Metro. However, to date, there has been limited interest in the fund, with \$853,000 still available.

In response to the COVID-19 pandemic and resulting economic impacts locally, the LACDA has established a Business Recovery Loan Program (Loan Program) to provide immediate relief to small businesses. This Loan Program, initially funded with \$3,000,000 from the Economic Development Administration, was created to provide flexible borrowing options for Los Angeles County business owners to enable them to remain viable until the economy reopens. There is significant demand for the Loan Program, with over 800 businesses expressing interest in securing a loan within 24 hours of the launch of the Program.

Repurposing the TOC Small Business Program into a TOC Business Recovery Loan Program could provide a critical and timely tool to sustain small businesses located close to transit, which are struggling to survive the COVID-19 economic crisis. The repurposing of these funds also advances Metro's continued partnership with other governmental entities and community-based organizations to support LA County residents and business owners facing hardships due to the COVID-19 pandemic.

SUBJECT: ASSISTANCE TO TRANSIT-ORIENTED BUSINESSES IN RESPONSE TO COVID-19**RECOMMENDATION**

APPROVE Motion by Directors Ridley-Thomas, Kuehl, Butts, Garcetti, and Dupont-Walker:

Directing the Chief Executive Officer to negotiate and execute amendments to the agreement with the Los Angeles County Development Authority (LACDA) to reallocate up to \$853,000 of the TOC Small Business Program funds to implement a TOC COVID-19 Business Recovery Loan Program with the following components:

1. Restrict the funds to businesses within Los Angeles County that are within 1/4 mile of a Major Transit Stop as defined by California Public Resources Code Section 21064.3, which may be amended from time to time;
2. Require the loans funded with Metro funds be subject to the following requirements:
 - a. Each below-market interest loan will not exceed \$20,000 and will cover operating expenses for a qualifying small business with up to 25 full time employees;
 - b. Each loan will have a 5-year term with repayment of principal and interest deferred for the first 12 months;
 - c. There will be no loan origination fee and no collateral required; and
 - d. Each recipient must have been in continuous operation for not less than 24 months prior to the COVID-19 crisis and have demonstrated a negative financial impact due to the COVID-19 crisis.
3. Limit LACDA's administrative costs to no more than \$37,000; and
4. Metro staff will provide an update to the Board of Directors in writing within 6 months of Board Approval regarding the impact of the TOC COVID-19 Business Recovery Loan Program.

AMENDMENT

Board Meeting

April 22, 2020

**Item 43: Assistance to Transit-Oriented Businesses in
Response to COVID-19**

WE FURTHER MOVE that the Board direct the CEO to:

1. Ensure that any Metro funding added to the LA County Business Recovery Loan Program will be repaid back to Metro and retained for the Transit Oriented Communities Small Business Program;
2. Work with LACDA to ensure geographic distribution of Metro funds across subregions; and
3. Report back to the Planning & Programming Committee in 120 days with recommendations for improvements to the Transit Oriented Communities Small Business Program, including but not limited to guideline revisions to make funding easier for small businesses to access.

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Metro

Board Report

File #: 2020-0910, File Type: Motion / Motion Response

Agenda Number: 49.

REVISED
EXECUTIVE MANAGEMENT COMMITTEE
JANUARY 21, 2021**Motion by:****DIRECTORS GARCETTI, KUEHL, SOLIS, AND KREKORIAN**

Metro Small-Scale Retail

Services and retail offered at transportation hubs support a robust and attractive system. Retail activity as part of the transportation experience can increase safety, support communities, and directly create economic opportunities. Metro staff presented the Concessions Study Report to the Board in 2014 which found that Metro could realize more than \$800,000 per year in net revenue with a system-wide concession program. With the ongoing financial crisis from COVID-19, Metro needs to evaluate all options for increasing revenue.

Since 2014, Metro's portfolio of projects has expanded, including Active Transportation and Bus Rapid Transit Corridors. These types of projects have more interfaces with local rights-of-way than traditional bus stops or rail stations, resulting in more complex relationships between Metro and local jurisdictions. Metro's potential opportunities for concessions may be broader now than several years ago and could include equity-informed community partnerships or business cases started through Unsolicited Proposals.

SUBJECT: METRO SMALL-SCALE RETAIL**RECOMMENDATION**

APPROVE Motion by Directors Garcetti, Kuehl, Solis, and Krekorian as amended that the Board direct the CEO to:

- A. Revisit the findings of the Jones Lang LaSalle Concessions Program Concept for Metro Owned Facilities report dated June 28, 2013 and develop an assessment of needs to establish a small-scale retail program that supports small and disadvantaged businesses, and microentrepreneurs, including context-sensitive community partnerships, in Metro's current portfolio of projects.

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Amendment by Dupont-Walker: Include opportunities to complement and partner with the Transit-Oriented Communities Small Business Program, which is currently being updated by Countywide Planning.

- B. Form a working group to determine opportunities and next steps for advancing this work.
- C. Report back to EMC with an update in 90 days.



**Transit Oriented Communities Economic Development
Program and Investment Fund**
Planning and Programming Committee
November 16, 2022

Item: 2022-0504

Recommendations

APPROVE the Transit Oriented Communities Economic Development Program (EDP) and \$5 million for the implementation of the Transit Oriented Communities Economic Development Investment Fund (Fund) with disbursement contingent upon the Metro Board of Directors (Board) approval of the Fund Guidelines; and

AUTHORIZE the Chief Executive Officer or designee to enter into multiple agreements with financial institutions, the State of California, County of Los Angeles, cities, and other eligible entities to contribute to the Fund.



Background

Board Directives

- **2015/2016** – Establishment of Small Business Assistance Loan Program
- **2020** – COVID-19 Recovery Loan Program
- **2021** – Small Scale Retail Motion

Process

- Convened two Roundtable discussions with small business stakeholders
- Conducted outreach to more than 100 financial institutions (private banks, CDFIs), business associations, BIDs/Chambers, Community Development Corporations (CDCs), foundations, think tanks, public sector entities

GOALS

- **Build** upon prior Metro programs (BSC/BIF, ESP)
- **Prevent** displacement
- **Promote** commercial stabilization
- **Provide** access to capital



Program Overview and Investment Fund

TOC Economic Development Program (EDP)

1) The Fund

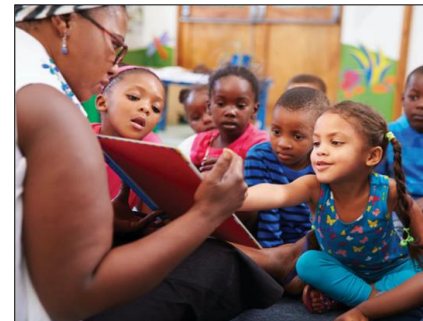
- Program Administrator
- Access to Capital
- Technical Assistance

2) Station Area Activation

- Metro Real Estate
- Small Scale Retail
- Plaza Vending Program
- Joint Development and Housing Accelerator Initiatives

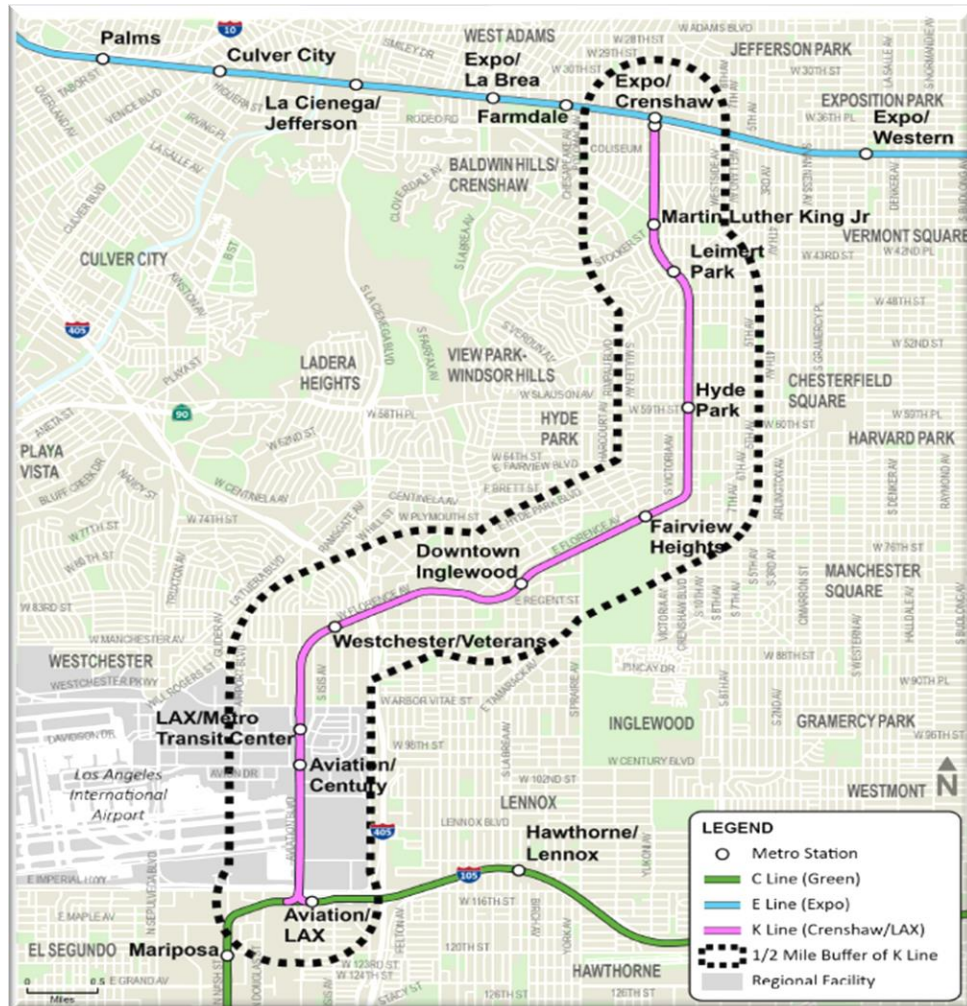
The Fund

- Fixed Asset Loans
 - Real Estate Acquisition (\$250k - \$5M)
 - Commercial Façade & Tenant Improvements (\$25k - \$250k)
- Short- and Long-Term Working Capital Loans (\$500 - \$500k)
- Technical Assistance

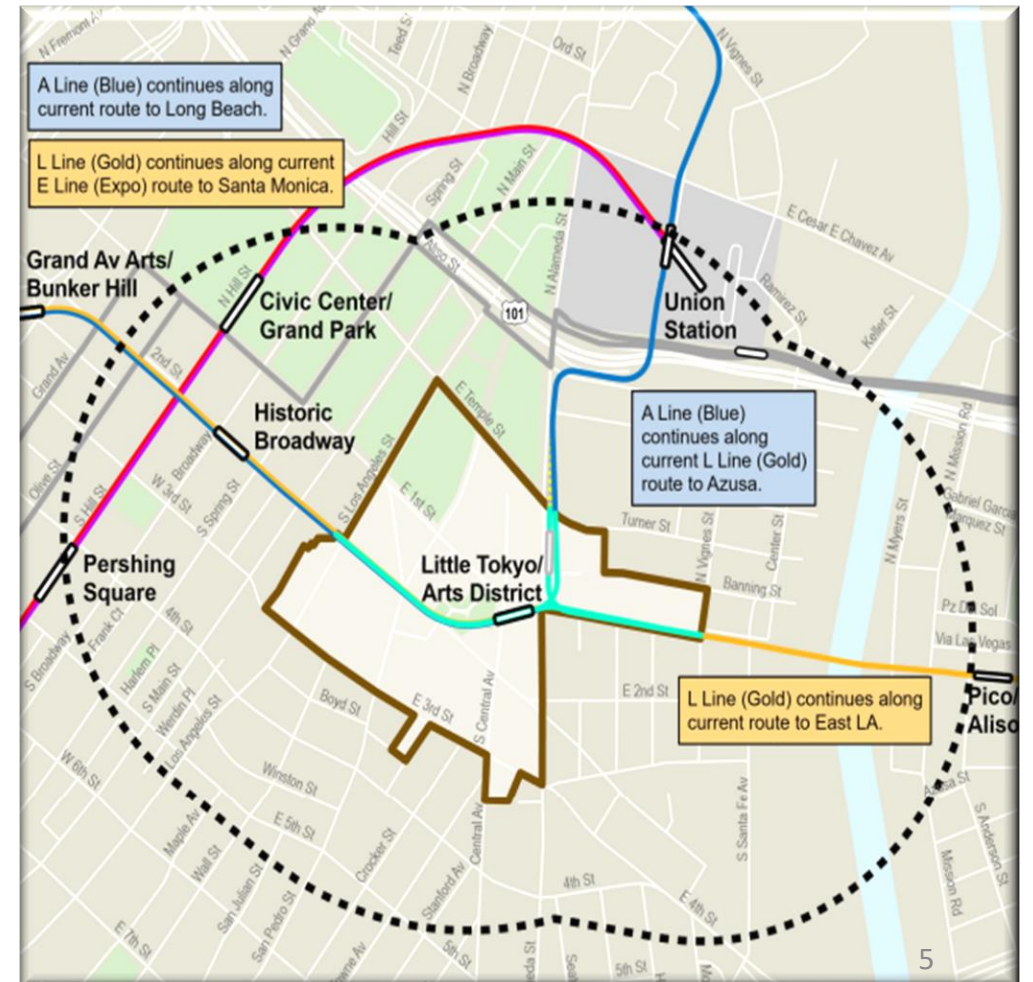


Pilot Locations

K Line (Crenshaw/Inglewood/LAX)



Regional Connector (Little Tokyo Segment)



Next Steps

- **Late 2022 Early 2023** – Leverage Metro \$5 million commitment to secure additional investment in the Fund

Goals for Funding Partnerships:

- Mitigate challenges to accessing capital
- Address perceived risks for lending in equity Focused Communities
- Enter into partnership agreements

- **Early 2023** - Develop the Program Administrator RFP and finalize partnership agreements
- **Mid 2023** - Issue the Program Administrator RFP
- **Late 2023** - Launch of the Fund

*Staff will return to the Board with the selected Program Administrator, program guidelines with metric-based performance indicators, and an update of contributions to the Fund.

