



Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

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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: 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.