

**commercial  
acquisition  
fund**



# Program Background



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## Department of Economic Opportunity (DEO) & American Rescue Plan Act (ARPA)

The Los Angeles County Department of Economic Opportunity (DEO) is launching the **Commercial Acquisition Fund (CAF)** to provide grants to qualifying nonprofit organizations to support the acquisition of vacant or abandoned land and buildings in designated communities that were most negatively impacted by the COVID-19 pandemic.

The CAF is funded by the County, with \$10 million in American Rescue Plan Act (ARPA) funds and will be awarded as recoverable grants, **ranging from \$500,000 to \$2,000,000.**

Acquisitions and funding must occur before **December 1, 2024.**

# Program Partners

## LA County Department of Economic Opportunity (DEO)

[The Department of Economic Opportunity](#) (DEO) is LA County's central economic and workforce development hub helping residents connect to new career pathways, start and certify a business, and access life-changing opportunities. They are working to advance equity and inclusive, sustainable growth through all DEO programs and services by targeting economic benefits to the most vulnerable and marginalized communities, small businesses and residents in LA County.



# Program Partners

## Genesis LA Economic Development Growth Corporation (GLA)

Genesis LA (GLA) is certified by the US Department of the Treasury as a Community Development Financial Institution (CDFI). GLA makes loans to community and economic projects and provides technical assistance to community organizations pursuing real estate projects. The CAF program is being administered by GLA and will support CAF qualifying acquisition entities (QAE) with technical assistance and additional financing opportunities.

# Program Goals

## OBJECTIVE:

To acquire **vacant or abandoned commercial properties** in Los Angeles County, particularly those identified by the United States Department of Housing and Urban Development (HUD) through **qualified census tracts (QCT) most impacted by the COVID-19 pandemic**.

## GOALS:

- To make capital available for investment in communities that have historically been economically disadvantaged and hit hardest by the COVID-19 pandemic.
- To improve long-term economic outcomes by enabling the acquisition of vacant or abandoned properties that can be improved to provide commercial space for qualified tenants.

# Eligible Participants

To be eligible to receive these funds you must meet the following requirements to become a **Qualifying Acquisition Entity (QAE)**:

- Be an active nonprofit (including community development corporations and community land trusts).
- Not be disbarred by federal, State, or local government entity or have unresolved violations noted in the County's contracting database.



# Application Process

The application process will consist of **two steps**:

**1. First**, interested nonprofits may apply to become designated as a **QAE**, and will be evaluated on their organizational capacity based on the following:

- a. Real Estate Experience
- b. Organizational Financial Capacity
- c. Community Benefits & Community Outreach/Engagement
- d. Business Engagement



# QAE Eligibility

## Nonprofit Status

To prove that you are an **active nonprofit organization**, you will need to provide the following in the **application**:

- Nonprofit articles of incorporation
- Organization Bylaws
- Organizational Chart of Entity and Affiliates
- 501c3 Certification Letter
- Certificate of of Good Standing



# QAE Organizational Capacity

## Real Estate Acquisition and Development Experience as an Organization:

- Demonstrate the organization's history and experience of real estate acquisition, development, and renovation.
- Outline organization's role through various types of real estate projects.
- Describe organization's role in owning and operating real estate.
- Demonstrate ability to acquire a property and close escrow by December 1, 2024.

## Staff Experience:

- Demonstrate that organization has staff to manage real estate projects.
- Describe individual staff roles in real estate projects for the organization.

## Partnerships:

- Demonstrate that the organization has experience with partnerships in real estate projects.
- If the organization does not do real estate projects in-house – demonstrate ability to work with partners to acquire, develop, and renovate real estate projects for the CAF program.

# QAE Organizational Capacity

## Experience in Community:

- Describe the organization's experience working in the community where you are looking to acquire a property with CAF funds.

## Community Outreach and Engagement:

- Demonstrate organization's plan to engage with the local community and keep ongoing stakeholder engagement.

## Community Benefits:

- Describe work your organization has already done to support community members.
- Describe what community benefits you will provide for community members and potential tenants in future real estate projects that align with program objectives (for example: below market rents, first right of return, etc).

# QAE Organizational Capacity

## Experience with Local Businesses and Organizations:

- Demonstrate your history and experience working with local small businesses, nonprofits, or other small business organizations.
- Demonstrate how your organization will identify small businesses and CBOs who to become future tenants (Qualified Commercial Tenants).

## Goods and Services:

- Demonstrate how you will ensure that future tenants provide goods and services needed in the community.

## Potential Partners:

- Share any potential organizations or businesses that you have in mind for this program.

# Application Process



# Application Process

**2. Second**, once designated as a QAE, the QAE may apply for funding to acquire commercial properties that are in compliance with the CAF program and meet the following conditions:

- i. Located in a **Qualified Census Tract (QCT)** identified on the LA County Equity Index Explorer's COVID-19 Vulnerability and Recovery Index as being in the Need Tier of High or Highest.

[\(https://experience.arcgis.com/experience/9d7a43397ea84ab98a534be5b5376fba/page/Page-1/\)](https://experience.arcgis.com/experience/9d7a43397ea84ab98a534be5b5376fba/page/Page-1/)

- ii. Has a financially viable rehabilitation and operations plan.
- iii. Agree to lease available space to qualifying small businesses and nonprofits as defined in program guidelines.
- iv. Agree to a 55 year covenant that limits rents to below market.

# CAF Program Compliance

## Property Types:

- Demonstrate that your proposed property is eligible to receive funds through this program.
- Ensure property meets the property commercial zoning and is deemed vacant or abandoned.

## Property Locations:

- Confirm that property is located in a eligible census tract area.

## Eligible Tenants in Properties:

- Demonstrate that over 50% of the leasable commercial space is leased to [Qualified Commercial Tenants outlined here.](#)

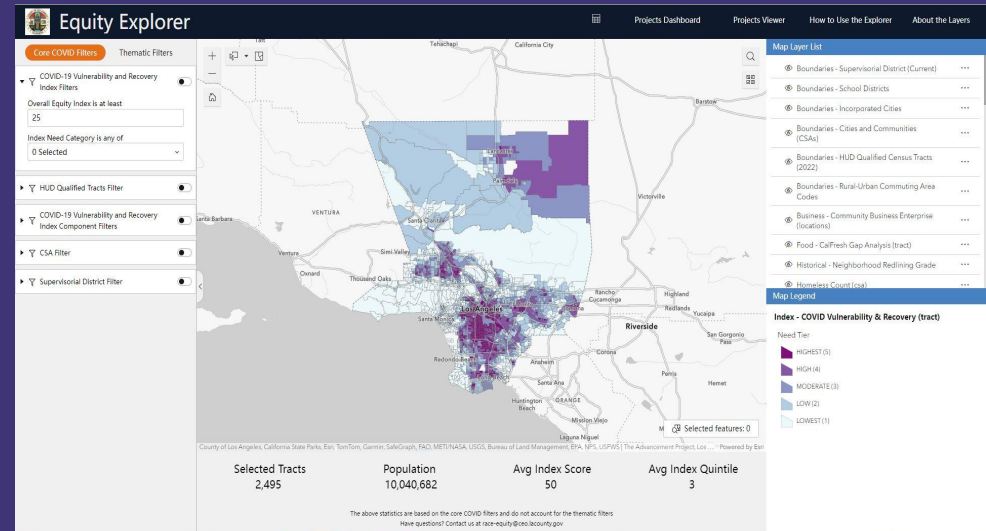
## Covenants:

- Confirm that your organization can comply with a 55-year covenant that runs with the land associated with the CAF Fund.

# Property Eligibility

## Qualified Census Tract:

- LA County Equity Index Explorer's COVID-19 Vulnerability and Recovery Index as being in the Need Tier of High or Highest





# Property Eligibility

## Rehabilitation and Operations plan:

- X
- X

## Lease Agreement:

- X
- X

## 55-Year Covenant Agreement:

- X
- X



# Program Requirements



# Program Requirements

## COVENANTS:

Covenants will be recorded on the acquired commercial properties which will require owners to either **develop or rehabilitate the property and provide affordable commercial rent spaces** to ultimately serve community needs for local small businesses and community-based organizations (CBO). Grants will be recoverable to enable the County to enforce long-term covenants that ensure community benefits for those purchased vacant or abandoned properties.

## USE OF FUNDS:

ARPA funds under the CAF Program will only be used for the acquisition of the commercial property and not for any subsequent work required under the covenants. Properties authorized for purchase must close escrow by **December 1, 2024**.

# Eligible Participants

## QUALIFYING ACQUISITION ENTITY:

**Eligible entity** to receive recoverable grants through the fund are:

- Nonprofits
- Community development corporations
- Community land trusts

## QUALIFIED COMMERCIAL TENANT:

**Eventual tenants** to the acquired properties will be:

- Small businesses (including cooperatives and employee ownership structures)
- Community-based organizations serving the surrounding community

Must provide goods and services that are culturally relevant and accessible to the local and surrounding populations.



# Program Dates

- The application to become eligible as a QAE will open in **spring 2024**. Eligible QAEs will be notified of their eligibility within **30 days**.
- Nonprofits designated as a QAE can begin to submit project proposals on a first come first served basis on a date to be specified in **2Q 2024**.
- Properties authorized for purchase through this CAF program must close escrow by **December 1, 2024**.

# Eligible Properties

## VACANT OR ABANDONED PROPERTY:

**Vacant or abandoned commercial properties** that have been unoccupied for an extended period of time or have no active owner. This includes vacant land and properties with vacant or abandoned structures on the land located in areas zoned for commercial use.

## LA COUNTY QUALIFIED CENSUS TRACT (QCT):

Identified using **LA County's Equity Explorer's COVID-19 Vulnerability and Recovery Index**.



# Program Administrators



# Program Administrators

## Genesis LA Economic Growth Corporation (GLA):

GLA will design and administer the CAF Program – this includes selecting and assisting eligible grantees with the acquisition of vacant or abandoned commercial properties.

### Administration:

- GLA will manage the disbursement of ARPA funds as recoverable grants that range from \$500,000 - \$2,000,000.
- GLA will monitor projects to ensure plans and timelines are carried out as described in the covenants.
- GLA will draft the agreements for grantees for approved CAF program grants





# Contact Information

LA CAF Program Manager @ Genesis LA  
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For more information, visit [www.lacaf.info](http://www.lacaf.info)

