

commercial acquisition fund



**department
of economic
opportunity**
COUNTY OF LOS ANGELES



GENESISLA
Capital. Capacity. Community.

Program Background



Program Background

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 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) as **highest and high need areas per the County's COVID-19 Vulnerability and Recovery Index in the [Equity Explorer Tool](#)**.

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.

Program Administrators



LA County DEO

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. The Department of Economic Opportunity is 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.



Genesis LA

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 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



Program Requirements



Eligible Participants

QUALIFYING ACQUISITION ENTITY REQUIREMENTS:

Eligible entity to receive recoverable grants through the fund are:

- All types of nonprofits
- Nonprofit partnership with a for-profit / small business
- Community development corporations
- Community land trusts

QUALIFIED COMMERCIAL TENANT REQUIREMENTS:

Eventual tenants to the acquired properties will be:

- All 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.



Eligible Properties

VACANT OR ABANDONED PROPERTY:

Vacant or abandoned commercial properties that have been unoccupied for a minimum of two years 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 COVID-19 VULNERABILITY & RECOVERY INDEX:

Identify **highest and high need areas** per the County's COVID-19 Vulnerability and Recovery Index in the [Equity Explorer Tool](#).



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**.

Q+A Break



Application Process



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. QAE Eligibility
- b. Real Estate Experience
- c. Organizational Financial Capacity
- d. CAF Program Compliance
- e. Community Benefits & Community Outreach/Engagement
- f. 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



Real Estate Experience

Real Estate Acquisition and Development History as an Organization:

- Demonstrate the organization's history and experience of real estate acquisition, development, or 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.

Financial Capacity

Demonstrate Financial Strength:

- Provide the organization's financial history via statements.
- Outline ability to access additional funds beyond CAF grant.
- Demonstrate ability to acquire a property and close escrow by December 1, 2024.

Demonstrate Ability to Complete Real Estate Projects:

- Demonstrate that organization has access to additional funding.

Business Model:

- Explain organization's business model and how it typically generates revenue.

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 **highest and high need area** per the County's COVID-19 Vulnerability and Recovery Index in the [Equity Explorer Tool](#).

Eligible Tenants in Properties:

- Demonstrate that over 50% of the leasable commercial space is leased to any kind of small business, including [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.

Community Benefits & Outreach/Engagement

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).

Business Engagement

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 will 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.

Q+A Break



Application Process

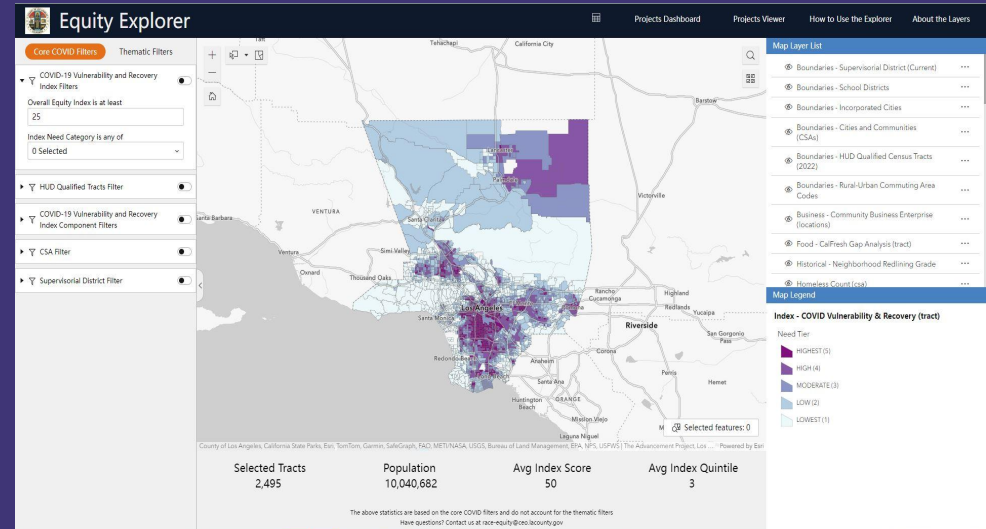
2. Second, once designated as a QAE, the QAE may apply for funding to acquire commercial properties that are in compliance with the CAF program and meet the following conditions:

- i. Located in a **highest and high need area** per the County's COVID-19 Vulnerability and Recovery Index in the Equity Explorer Tool.
(<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.

Property Eligibility

Highest and High need area:

- [LA County's COVID-19 Vulnerability and Recovery Index in the Equity Explorer Tool](#)





Property Eligibility

Rehabilitation and Operations plan:

- Demonstrate plan for rehabilitation of an existing structure.
- Demonstrate ability to raise capital needed to complete rehabilitation

Lease Agreement:

- Demonstrate how your project will provide affordable, below market rents to prospective small businesses and/or nonprofit tenants.

55-Year Covenant Agreement:

- Confirm that your organization is committed to a covenant restriction of at least 55 years.



Property Eligibility

Evidence of 100% Vacancy for 2+ Years

- If the Seller has owned the property for more than two years, the Seller may provide an attestation that the property has been vacant for at least two years.
- If a neighboring resident, business owner, or property owner (the “Neighbor”) has been in the same location for the past two years, the Neighbor may provide an attestation that the property has been vacant for at least two years.



Property Eligibility

Evidence of 100% Vacancy for 2+ Years

- If, for two years or longer, the QAE has been located in and serving the neighborhood where the property is located, the QAE may provide an attestation that the property has been vacant for at least two years.
- The QAE may provide photographic evidence that the property has been vacant for at least the past two years, or longer, by referencing a time coded photographic source, such as Google Street View.



Q+A Break



Program Dates

- The application to become eligible as a QAE will open in **April 15, 2024**. Eligible QAEs will be notified of their eligibility by **June 3, 2024**.
- In-person training taking place on **May 9th, 2024 from 10am-1pm**.
- Applications close on **May 20th, 2024 at 5pm**.
- Nonprofits designated as a QAE can begin to submit project proposals on a first come first served basis on **June 10, 2024**.
- Properties authorized for purchase through this CAF program must close escrow by **December 1, 2024**.

Additional Resources

Genesis LA Economic Growth Corporation (GLA):

GLA will support CAF Program participants to connect with additional financial resources for their development projects.

Additional Partners:

- **Genesis LA Community Investment Fund**
- [Local Initiatives Support Corporation \(LISC\) Los Angeles](#)
- [Nonprofit Finance Fund](#)
- [City First Bank](#)



Contact Information

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For more information, visit www.lacaf.info

