

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

January 14, 2020

APPROVAL OF FLOAT LOAN AGREEMENTS FOR THE VERMONT MANCHESTER TRANSIT PRIORITY PROJECT

On December 5, 2017, the County of Los Angeles (County) Board of Supervisors (Board) approved the acquisition of a 4.2-acre property located on the east side of the 8400 and 8500 blocks of South Vermont Avenue in the City of Los Angeles via eminent domain with the intention of developing the Vermont Manchester Transit Priority Project (Project). This Project serves a public purpose through the development and delivery of a college-preparatory public boarding school, affordable housing, community-serving retail, a jobs training center and transit plaza. In 2018, two development teams, the SEED Foundation Inc. and BRIDGE Housing Corporation (BRIDGE), were selected and the Board approved Exclusive Negotiation Agreements on June 19, 2018 and September 11, 2018, respectively, to facilitate the Project.

The college-preparatory public boarding school, SEED LA, is being developed through a partnership between the SEED Foundation Inc., ExED, and Abode Communities. The SEED Foundation will operate SEED LA. SEED LA will serve 400 high school students and will have an enrollment priority preference to serve resilient youth throughout Los Angeles. SEED LA will consist of classrooms, a dining hall, a gymnasium, offices and administrative spaces, dormitories for students, and residential units for staff. It will be primarily located at the northeast corner of the intersection of

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**MOTION BY SUPERVISOR RIDLEY-THOMAS
JANUARY 14, 2020
PAGE 2**

Vermont Avenue and 84th Street. Construction of SEED LA is anticipated to begin in the summer of 2020.

The development team for the remaining portion of the site is comprised of BRIDGE, Primestor Development, Inc. and Coalition for Responsible Community Development (collectively, BRIDGE Team). The BRIDGE Team will develop affordable and permanent supportive housing units for families and seniors, ground floor community-serving commercial uses such as a grocery store, as well as open space amenities, a Los Angeles County Metropolitan Transportation Authority training center, and a new parking structure (collectively, the Mixed-use Project) that will serve the SEED LA school and the Mixed-Use Project.

In order to facilitate the construction of SEED LA and the Mixed-Use Project, the County has initiated a street vacation proceeding with the City of Los Angeles. The proposed street vacation includes the eastern portions of Vermont Avenue between 84th Street and Manchester Avenue; 85th Street between Vermont Avenue and the north/south alley east of Vermont Avenue; the north/south alley east of Vermont Avenue between 84th Street and 85th Street; the north/south alley east of Vermont Avenue between 85th Street and Manchester Avenue; and a portion of the east/west alley between 84th Street and 85th Street just east of Vermont Avenue.

The street vacation requires coordination with various departments and bureaus within the City of Los Angeles, including its Department of Water and Power, Department of Transportation, Department of Public Works, Bureau of Engineering, Bureau of Sanitation, Bureau of Street Lighting, and Bureau of Street Services. The estimated cost for the street vacation and related improvements is \$10,000,000. To date, the County has secured conditions of approval for the street vacation from the City of Los Angeles. These conditions are anticipated to be acted upon by the Los Angeles City Council in early 2020. Time is of the essence to complete the street vacation to ensure that both projects meet their funding deadlines and construction can begin.

MOTION BY SUPERVISOR RIDLEY-THOMAS
JANUARY 14, 2020
PAGE 3

The overall cost of the street vacation is to be allocated 40% to SEED LA and 60% to BRIDGE. The Los Angeles County Development Authority (LACDA) is positioned to provide a loan of up to \$6,200,000 utilizing Community Development Block Grant Program (CDBG) Float Loan Program funds to finance a portion of the street vacation improvements. LACDA will provide loans of up to \$4,100,000 to SEED LA and a loan of up to \$2,100,000 to BRIDGE (collectively, CDBG Loans). The CDBG Loans are contemplated to have equal terms with a one-percent (1%) interest rate per annum and a 12-month term; both developers are expected to repay the CDBG Loans and interest following the securing of their construction financing. BRIDGE is responsible for obtaining all additional financing necessary to complete its allocated share of the required street vacation improvements.

The CDBG Float Loan Program finances activities that benefit low-and moderate-income persons or areas in the County. Funding is made available utilizing undisbursed funds in LACDA's line of credit and CDBG program account with the U.S. Department of Housing and Urban Development. The CDBG Float Loan Program is administered in accordance with federal regulations, specifically 24 CFR 570.301 of the CDBG regulations, and the CDBG Float Loans are budgeted within LACDA's Action Plan. Once the loans are repaid, the principal float loan amount is returned to LACDA's line of credit, and the interest and administrative fees are considered CDBG program income and are available to fund eligible CDBG activities. The Second Supervisorial District has identified back-up funding to secure the loans.

The Project was determined to be a Transit Priority Project eligible for the California Environmental Quality Act (CEQA) Sustainable Communities Project Exemption pursuant to Sections 21155 and 21155.1 of the Public Resources Code, which was approved as an exemption by the Board on December 5, 2017.

**MOTION BY SUPERVISOR RIDLEY-THOMAS
JANUARY 14, 2020
PAGE 4**

**I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS, ACTING AS
THE BOARD OF COMMISSIONERS OF THE LOS ANGELES COUNTY
DEVELOPMENT AUTHORITY:**

1. Find that the recommended actions are within the scope of the previously-approved exemption from the California Environmental Quality Act, for the reasons stated in this motion and in the record of the Vermont Manchester Transit Priority Project (Project);
2. Approve and authorize the Acting Executive Director, or his designee, to execute a loan agreement and any related documents with SEED Foundation, Inc. to provide a 12-month loan of Community Development Block Grant (CDBG) Float Loan Program funds for an amount not to exceed \$4,100,000 to finance a portion of the street vacation improvements needed for the Project;
3. Approve and authorize the Acting Executive Director, or his designee, to execute a loan agreement and any related documents with BRIDGE Housing Corporation to provide a 12-month loan of CDBG Float Loan Program funds for an amount not to exceed \$2,100,000 to finance a portion of the street vacation improvements needed for the Project; and
4. Authorize the Acting Executive Director, or his designee, to execute any future amendments to the loan documents and related documents, including taking all required actions to modify loan conditions, for the purposes described above, following approval as to form by County Counsel.

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