

REVISED MOTION BY SUPERVISOR HOLLY J. MITCHELL

April 1, 2025

Supporting Commercial Corridors as Community Anchors by Expanding the Commercial Acquisition Fund Program

Commercial corridors are the cultural backbone of our communities, offering spaces to not just access everyday goods and services, but also gather, connect with one another, and build community. Further, small businesses in our commercial corridors showcase and help preserve the diverse cultural tapestry of Los Angeles County (County), and are engines of wealth-building for entrepreneurs, workers, and their families. When small businesses thrive, not just business owners and workers benefit, but so do nearby residents, community organizations, and other stakeholders.

However, small businesses across the County are struggling due to increasing costs, rising rent, and, in many communities, displacement pressures due to gentrification and speculative development. As a result, many commercial corridors that were once thriving business centers and community anchors are experiencing rising vacancy and reduced activity. The recent January 2025 fires and windstorms have further exacerbated pressure on our local economy. In response, the County has established a multi-faceted strategy to help support and preserve existing small businesses, open doors for burgeoning entrepreneurs, and promote economic stability by leveraging the success of existing programs.

In 2022, the County formally established the Economic Mobility Initiative (EMI)¹, offering a one-stop-shop of diverse training, technical assistance, and capital investment

¹<https://emi.lacounty.gov/>

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programs to support disproportionately impacted small businesses led by women and Black, Indigenous, and people of color (BIPOC). To date, the County's Department of Economic Opportunity (DEO) and its partners have graduated 9 Entrepreneurship Academy cohorts, providing 1:1 instruction, mentorship, and stipends for early-stage entrepreneurs so they can grow their business, access capital, find retail space, and more. DEO's Office of Small Business and its partners also provide free legal and technical assistance to small business owners and are piloting a streamlined business permitting portal to remove barriers for small businesses. The County has also established various Business Interruption Funds to support small businesses facing revenue loss due to disruptions in their community, including the Topanga Canyon Business Interruption Fund and the Second District Business Interruption Fund.

An additional component of EMI, as initiated in a June 2021 Board motion², and expanded on in a July 2022 Board motion³, is the ability for the County to facilitate commercial real estate acquisition to stabilize businesses and prevent displacement along at-risk commercial corridors. In 2022, the County made an initial \$10 million investment in the Commercial Acquisition Fund (CAF)⁴. In December 2024, DEO, in partnership with the CAF program administrator, and Genesis LA, a local Community Development Financial Institution, completed its first of seven property acquisitions in partnership with community-based organizations. Six of the seven acquisitions have formally closed with the final escrow underway.

Businesses cannot survive in isolation – they depend on foot-traffic, nearby residents, and neighboring businesses to create a dynamic ecosystem that can support small businesses. Building on the success of the initial investment in the CAF, there remains a continued need to combat displacement and facilitate the creation of high-quality housing on commercial corridors to spur revitalization and create vibrant civic centers. We can expand the scope of the CAF to support catalytic mixed-use and affordable housing development along high-need, high-opportunity commercial corridors.

² <file.lacounty.gov/SDSInter/bos/supdocs/159364.pdf>

³ <https://file.lacounty.gov/SDSInter/bos/supdocs/171241.pdf>

⁴ <https://www.lacaf.info/>

An expanded CAF that supports mixed-use and housing development along commercial corridors follows best practices from Hennepin County, Minnesota's Community Asset Transition Fund (CAT). The CAT was launched in 2021 through a collaboration between Hennepin County and the Local Initiatives Support Corporation Twin Cities, to prevent displacement and promote community ownership by enabling local nonprofits, cooperatives, and small businesses—particularly those led by BIPOC—to acquire and redevelop properties in areas with displacement risk. Similarly to the County's CAF, the CAT allows mission-driven developers to swiftly purchase commercial and residential properties as they become available, ensuring that redevelopment aligns with community interests and contributes to long-term economic stability.⁵ Likewise, expanding the County's CAF to facilitate the acquisition of properties on commercial corridors for mixed use and deed-restricted affordable housing can serve as a strategic approach to stabilize commercial corridors, mitigate displacement and gentrification, enhance community resilience, preserve affordability, and promote economic diversity.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

- 1) Find that the proposed actions do not constitute a project under the California Environmental Quality Act (CEQA) because they are activities that are excluded from the definition of a project by section 21065 of the California Public Resources Code and section 15378(b) of the State CEQA Guidelines, as the actions involve organizational and administrative activities of government that will not result in direct or indirect physical changes in the environment. The proposed actions also are exempt from CEQA pursuant to State CEQA Guidelines section 15061(b)(3) because it can be seen with certainty that the actions will not have a significant adverse impact on the environment.
- 2) Find that, pursuant to Government Code section 26227, providing financial support for the expansion of the Anti-Displacement Commercial Acquisition Fund (CAF) Program meets the social needs of the population of the County, by preventing displacement and supporting and preserving communities of

⁵ <https://www.mcknight.org/news-ideas/from-the-rubble-an-ambitious-effort-to-rebuild-differently/>

color, and thereby serves a public purpose that benefits the County and its residents.

- 3) Direct the Director of DEO to fund the CAF Program expansion through forgivable loans, subject to long-term use restrictions and social impact requirements by:
 - a. Allocating \$400,000 to each Supervisorial District (for a total of \$2,000,000) from the Manufacturing Revolving Loan Fund; and
 - b. Using \$700,000 from the ~~Social District CAF~~ Second District Catalytic Development Fund to support local small businesses and mixed-use and affordable housing development along commercial corridors in the Second District with displacement risk.
- 4) Approve an appropriation adjustment to transfer \$600,000 from the Second District Economic Development Utility Unincorporated Users Tax Fund to DEO's operating budget to further fund the CAF Program expansion to support small businesses and mixed-use and affordable housing development along commercial corridors in the Second District with displacement risk through forgivable loans, subject to long-term use restrictions and social impact requirements.
- 5) Direct the Director of DEO to, within 30 days, expand and enhance the CAF Program administered by Genesis LA, to allow for catalytic mixed-use development along commercial corridors Countywide, including affordable housing, with the additional \$3,300,000 pursuant to directive 3 and 4 for the purposes set forth in directive 3 and 4.
- 6) Direct the Director of DEO to report back to the Board in writing in 90 days with information on progress to date from round one of the CAF.
- 7) Delegate authority to the Director of DEO to modify the CAF guidelines to include funding for the acquisition of underutilized properties along commercial corridors that will be transformed into mixed use and deed restricted affordable housing available to households whose incomes do not exceed 80% of area median income, and to make other modifications to implement the expansion

of the CAF Program consistent with directive 3.

- 8) Instruct the Director of DEO, or her designee, to negotiate and execute an agreement with Genesis LA, a nonprofit organization, and any related documents, following approval as to form by County Counsel, to provide an amount not to exceed \$3,300,000, for the purposes of implementing and administering the expanded CAF Program, as described above.

I FURTHER MOVE THAT THE BOARD OF SUPERVISORS, ACTING AS THE COMMISSIONERS OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY authorize the Executive Director, or designee, to transfer up to \$1,500,000 from the Second District's Economic Development Administration's defederalized loan funds to a selected nonprofit organization through the County of Los Angeles' Commercial Acquisition Fund Program for property acquisition for redevelopment, job creation and workforce development, and economic revitalization and to execute any necessary documents to effectuate such transfer of funds for such purpose.

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