



**Meeting *of the***  
**Governing Board of Directors and**  
**Advisory Board of Directors**

**The Los Angeles Development Fund**  
***and***  
**LADF Management, Inc.**

**December 12, 2024**

**MEETING of the**  
**GOVERNING BOARD OF DIRECTORS and ADVISORY BOARD OF DIRECTORS of**  
**THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.**

**December 12, 2024**

**Tab    Table of Contents**

- 1**     Board Meeting Agenda
- 2**     Materials regarding Approval of Minutes for Board Meeting(s):
  - November 13, 2024
- 3**     Materials regarding Discussion Item A:
  - LADF Pipeline Reports
- 4**     Materials regarding Action Item A:
  - Food Access LA Investment Memo

# **Tab 1**

## AGENDA

**MEETING of the  
GOVERNING BOARD OF DIRECTORS and ADVISORY BOARD OF DIRECTORS of  
THE LOS ANGELES DEVELOPMENT FUND and LADF MANAGEMENT, INC.**

To Join in Person: City Hall, Room 1070 | 200 N Spring St, Los Angeles, CA 90012  
To Join via Zoom: Dial (669) 444-9171 US | Meeting ID: 842 4186 5796  
Thursday, December 12, 2024 | 2:30-4:00 pm

AGENDA ITEM	PRESENTER	TAB
Welcome and Call to Order	Carolyn Hull	
Roll Call	Sandra Rahimi	
Public Comment	Carolyn Hull	
1 Approval of Minutes for Board Meeting(s) on:	Carolyn Hull	
a. November 13, 2024		Tab 2
2 Discussion Items	Sandra Rahimi	
a. Project Presentation	Project Rep.	Tab 3
1. Sola Crenshaw Lofts		
2. Immigrant Welcome and Empowerment Center		
3 Action Items	Sandra Rahimi	
a. Request for Authorization for LADF President, or his or her delegate, to execute documents to effectuate a \$6,000,000 Sub-Allocation of New Markets Tax Credits for the Food Access Los Angeles Project		Tab 4
b. Request for authorization for LADF staff to issue a Letter of Interest (LOI) to the Sola Crenshaw Lofts project for providing up to \$9 million in New Markets Tax Credit Allocation. LADF reserves the right to rescind the Letter of Interest if the project does not demonstrate the capability to close by March 31, 2025.		
c. Request for authorization for LADF staff to issue a Letter of Interest (LOI) to the Immigrant Welcome and Empowerment Center project for providing up to \$9 million in New Markets Tax Credit Allocation. LADF reserves the right to rescind the Letter of Interest if the project fails to demonstrate evidence of closing by March 31, 2025.		
4 Closed Session		
a. LADF Employee Compensation		
5 Future Agenda Items		
a. JEDI Microloan Program Final Term Approval		
b. NMTC San Diego Conference		
Next Meeting Date and Time of Governing Board		
6 a. Thursday, January 9, 2024, 2:30-4:00 pm		
Public Comment	Carolyn Hull	
Adjournment	Carolyn Hull	

The LADF's Board Meetings are open to the public. Accommodations such as sign language interpretation and translation services can be provided upon 72 hours notice. Contact LADF @ (213) 808-8959. **PUBLIC COMMENT AT LADF BOARD MEETINGS** – An opportunity for the public to address the Board will be provided at the conclusion of the agenda. Members of the public who wish to speak on any item are requested to identify themselves and indicate on which agenda item they wish to speak. The Board will provide an opportunity for the public to speak for a maximum of three (3) minutes, unless granted additional time at the discretion of the Board. Testimony shall be limited in content to matters which are listed on this Agenda and within the subject matter jurisdiction of the LADF. The Board may not take any action on matters discussed during the public testimony period that are not listed on the agenda.

# Tab 2

**LOS ANGELES DEVELOPMENT FUND**  
MINUTES OF THE MEETING OF THE GOVERNING BOARD OF LADF AND LADF MANAGEMENT, INC.  
Wednesday November 13, 2024

**SPECIAL MEETING**  
City Hall, Room 1060 | 200 N Spring St, Los Angeles, CA 90012  
To Join via Telephone: Dial (669) 444-9171 US | Meeting ID: 893 2951 3283

**LADF STAFF PRESENT:**

- Sandra Rahimi
- Christopher Chorebanian
- Jiaqi Wu

**WELCOME AND CALL TO ORDER** – Los Angeles Development Fund (LADF) Carolyn Hull called the meeting to order at **2:35am**.

**ROLL CALL**

The following Governing Board directors were present at the meeting:

- Director Hull (Chairperson)
- Director Chavez
- Director Keane
- Director Kalfayan

A QUORUM WAS PRESENT

The following Advisory Board directors were present at the meeting:

- Director Williams (Chairperson)
- Director Albert
- Director Volpert

A QUORUM WAS PRESENT

**1. Approval of Minutes for Board Meeting(s) on:**

**a. October 8<sup>nd</sup>, 2024**

- Moved by Director Chavez. Seconded by Director Kalfayan.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

**2. DISCUSSION ITEMS:**

**a. LADF Pipeline for the CY2024-2025 NMTC Allocation Application**

- Sandra Rahimi presented the LADF pipeline for the upcoming allocation application and addressed questions from the Governing and Advisory Board. The Advisory Board expressed full support for all proposed projects.

**b. JEDI Zone Micro Loan Program RFP Proposals Review**

- Sandra Rahimi provided a briefing on the proposals received for the LADF JEDI Zone Micro Loan Program.

**c. Governing Board Attendance at NMTC Conference**

- Sandra Rahimi introduced the agenda from the past NMTC conference and shared details of the conference itinerary with the Governing Board

**3. ACTION ITEMS**

**a. Request for authorization for LADF President, or her designee, to submit an application requesting up to \$75mm NMTC Allocation in the CY2024-2025 round NMTC Allocation Application at the rates and terms presented in previous applications, and approval of the sample pipeline to be included in the application**

- Moved by Director Keane. Seconded by Director Chavez.
- Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

- b. **Request authorization for LADF staff to begin negotiations on final terms with Pacific Asian Consortium Employment (PACE). Final contract terms will be presented to the Board for approval before execution**
  - Moved by Director Chavez. Seconded by Director Kalfayan.
  - Roll Call: AYES: 4; NOS: 0; ABSENT: 1; ABSTAIN: 0; APPROVED.

**REQUEST FOR FUTURE AGENDA ITEMS**

- a. Final Approval of the Food Access LA Project
- b. LADF Employee Annual Performance Review

**PUBLIC COMMENT**

- None.

**ADJOURNMENT**

- Meeting was adjourned at **3:41 pm**.

# Tab 3



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# LADF

LOS ANGELES DEVELOPMENT FUND

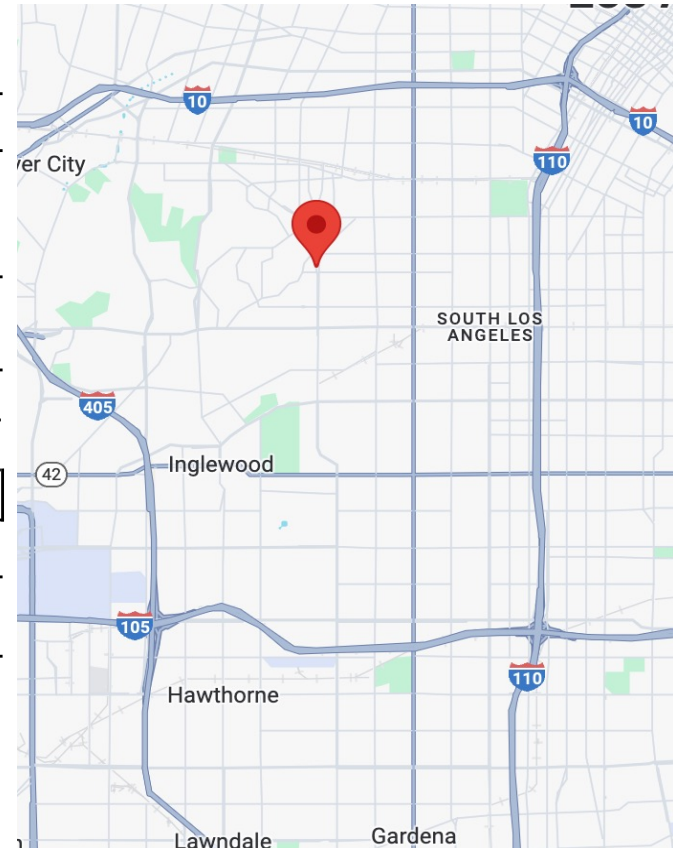
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## PIPELINE PROJECT PRESENTATION

LADF Board Meeting  
DECEMBER 2024

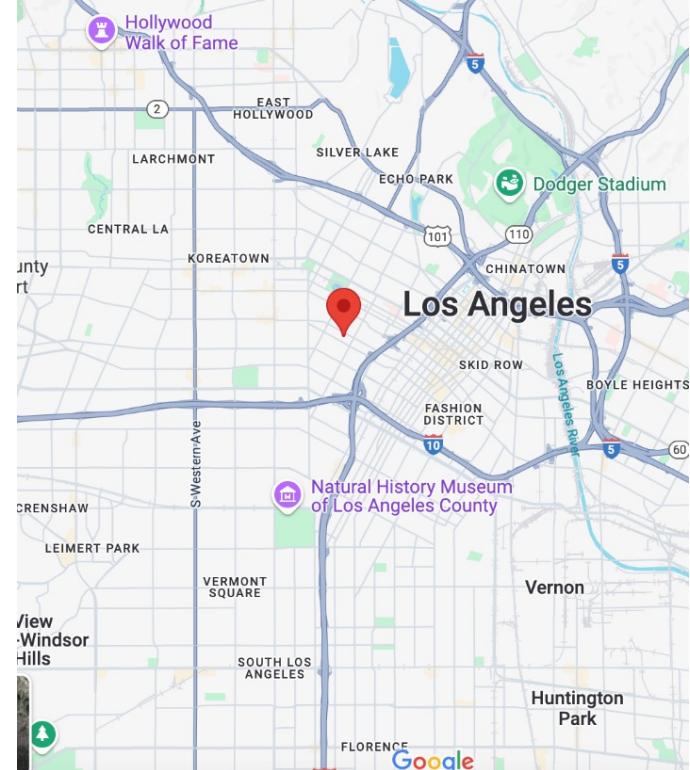
# SOLA CRENSHAW LOFTS

Developer:	SoLa Impact		
Project Type:	Multi-Service Community Organization/Social Services		
Description:	SoLa Impact is a <b>Black-owned and managed</b> family of closed-end real estate funds that invest in the preservation and development of affordable and workforce housing within overlooked and underinvested communities, with <b>95% of projects located in BIPOC neighborhoods</b> . The Crenshaw Lofts project (4611 Crenshaw) is operating through SoLa's Black Impact Fund, which focuses on advancing economic opportunity and social impact in Black and Brown communities. Located in a culturally significant area on Crenshaw Boulevard, the project will host the SoLa Tech Center West, providing digital literacy programs and job training to empower local residents with marketable skills. Cultural events will be hosted by the Live Nation Studio within Tech Center West to celebrate local arts and foster community pride. The project also includes a community-focused café, wellness and fitness center, 186 housing units, and 110 parking spots.		
Location:	4611 Crenshaw Blvd , Los Angeles, CA 90043 (CD 10)		
Census Tract Eligibility (2016-20):	➤ <b>21.2%</b> Poverty Rate ( <i>greater than 20%</i> ) ➤ <b>63.6%</b> of Metro/State Median Income ( <i>less than 80%</i> ) ➤ <b>2.44x</b> National Avg. Unemployment ( <i>greater than 1.5x</i> )		
Estimated TDC & NMTC Allocation:	Budget:	\$ 108,511,000	Total QEI: \$ 35,000,000 LADF QEI: \$ 9,000,000
Potential Sources of Funds:	Sponsor Equity / Fundraising:	\$ 18,580,000	<b>Lev. Loan Eligible</b>
	NMTC Equity (\$0.80 / NMTC):	\$ 10,920,000	
	Hud Appropriationv& Donation:	\$ 5,500,000	<b>Lev. Loan Eligible</b>
Projected Closing:	Q1 2025		
Current Status:	Construction is in progress with expected completion in 2025. Non-NMTC funding sources are committed. Ready to start closing calls in Jan 2025.		
Community Benefits/Impact:	➤ Jobs: <b>61 Permanent</b> ( <i>50 created / 11 ret.</i> ) – <b>75 Construction</b> ➤ <b>60%+</b> hiring will be focused on local <b>BIPOC and low-income persons</b> ➤ Train <b>2,500 students annually</b> through Tech Center West programming ➤ 186 housing units, with 20% reserved as affordable housing. ➤ Essential services: wellness center, coffee shop, cultural events, and workforce training center.		



# IMMIGRANT WELCOME AND EMPOWERMENT CENTER

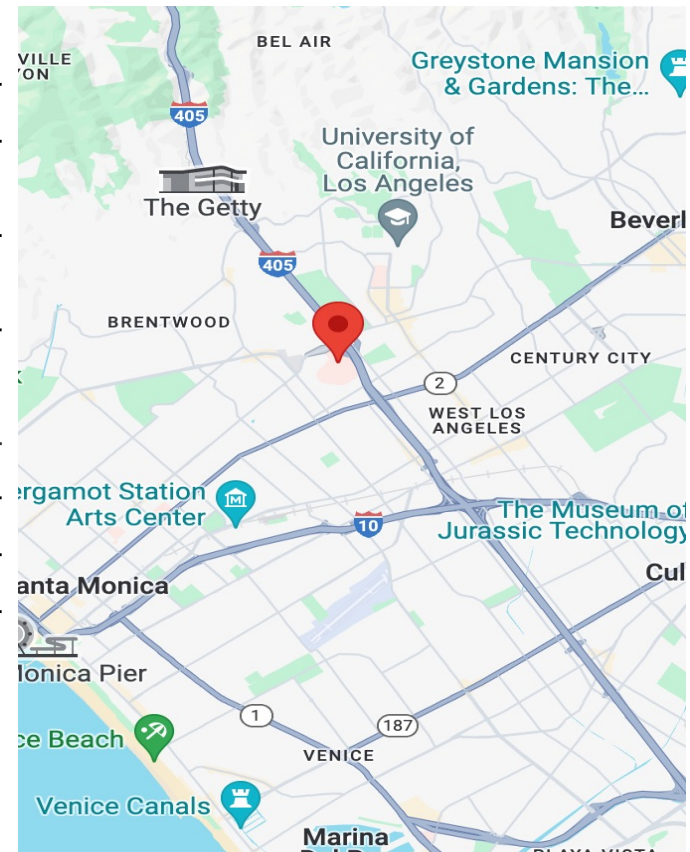
<b>Developer:</b>	Coalition for Humane Immigrant Rights (CHIRLA)		
<b>Project Type:</b>	Renovation; Community Facility		
<b>Description:</b>	<p><b>CHIRLA (Coalition for Humane Immigrant Rights)</b> will utilize New Markets Tax Credits to rehabilitate an abandoned six-story, <b>83,609 SF</b> office building into the Immigrant Welcome and Empowerment Center (IWEC). This project will transform the building into a vibrant community hub offering essential services and resources to California's immigrant population. The IWEC will centralize CHIRLA's administrative functions and expand its programs, including free and low-cost legal services, community education, green workforce development, and advocacy. The facility will also feature key tenants such as a community-operated café and a health clinic, providing access to healthcare for <b>8,000 individuals</b>. Once complete, the center will serve <b>33,900 additional people</b>, with over <b>95% being low-income</b> individuals of color. The project has strong community support, with local immigrant groups and foundations backing the initiative, helping CHIRLA further its mission of empowering immigrant communities and advocating for their rights.</p>		
<b>Location:</b>	1730 W. Olympic Boulevard, Los Angeles, CA (CD1)		
<b>Census Tract Eligibility (2016-20):</b>	<p>➤ <b>34.0%</b> Poverty Rate (greater than 20% and 30%)</p> <p>➤ <b>35.8%</b> of Metro/State Median Income (less than 80% and 60%)</p> <p>➤ <b>1.94x</b> National Avg. Unemployment (greater than 1.5x)</p>		
<b>Estimated TDC &amp; NMTC Allocation:</b>	Budget:	\$ 83,200,000	Total QEI: \$ 50,000,000 LADF QEI: \$ 9,000,000
<b>Potential Sources of Funds:</b>	Bank or CDFI Loan (no commitment):	\$ 6,100,000	<b>Lev. Loan Eligible</b>
	Sponsor Equity/Grants (in hand):	\$ 29,800,000	<b>Lev. Loan Eligible</b>
	Sponsor Equity/Grants (to-be-raised):	\$ 31,700,000	<b>Not Leveraged</b>
	NMTC Equity (\$0.80/NMTC):	\$ 15,600,000	
<b>Projected Closing:</b>	Q1 2025		
<b>Current Status:</b>	<p>➤ CHIRLA acquired the site in Oct 2023 with a Cal State grant and has started development. Timeline: Demolition and abatement underway; core and shell work (Sep 2024 - May 2025); fit-out (May-Oct 2025).</p>		
<b>Community Benefits/Impact:</b>	<p>➤ Job Creation: <b>200 Permanent – 300 Construction</b></p> <p>➤ Serve <b>33,900 additional people</b>, with over 95% being low-income persons of color. Services include free legal aid, immigrant rights hub, and 10 other programs.</p> <p>➤ The community clinic will provide healthcare to <b>8,000 individuals</b></p> <p>➤ CHIRLA and 2 tenants (community café &amp; health clinic) are <b>minority-owned or controlled</b></p>		





# WADSWORTH CHAPEL

Developer:	U.S. VETS									
Project Type:	Renovation; Mental and Spiritual Wellness Center for veterans.									
Description:	The Wadsworth Chapel, the oldest building on Wilshire Boulevard, was built in 1902 and is located at the entrance of the West LA VA Campus. Damaged by an earthquake in 1971, it has been fenced off and is deteriorating. A transformative redevelopment is planned for the site as part of a broader initiative involving a consortium including U.S. VETS. Founded in 1996, U.S. VETS is a leading non-profit serving 20,000 homeless and at-risk veterans annually with housing, employment, and mental health services, and is redeveloping the West LA VA Campus to provide 1,200 housing units. This project aims to rehabilitate the <b>7,500 SF Wadsworth Chapel</b> , which will become The Center for Spiritual Wellness & Moral Injury Recovery, operated by Volunteers of America (VOA). It will feature programs designed to alleviate veterans' emotional distress and homelessness, including a Moral Injury Recovery Program for <b>360 veterans annually</b> and a non-denominational spiritual space hosting <b>250 events each year</b> .									
Location:	11301 Wilshire Blvd, Los Angeles, CA 90073 (federal land within <b>CD 11</b> )									
Census Tract Eligibility (2016-20):	➤ <u><b>62.2%</b></u> Poverty Rate ( <i>greater than 20% and 30%</i> ) ➤ <u><b>50.39%</b></u> of Metro/State Median Income ( <i>less than 80% and 60%</i> )									
Estimated TDC & NMTC Allocation:	<table><tr><td>Budget:</td><td>\$ 32 million</td><td>Total QEI:</td><td>\$ 28.5 million</td></tr><tr><td></td><td></td><td>LADF QEI:</td><td>\$ 14.5 million</td></tr></table>	Budget:	\$ 32 million	Total QEI:	\$ 28.5 million			LADF QEI:	\$ 14.5 million	
Budget:	\$ 32 million	Total QEI:	\$ 28.5 million							
		LADF QEI:	\$ 14.5 million							
Potential Sources of Funds:	<table><tr><td>Capital Campaign, Historic Tax Credits (bridged), and 2023 CPF Grant from HUD</td><td>\$ 19,600,000</td><td><b>Lev. Loan Eligible</b></td></tr><tr><td colspan="3"><hr/></td></tr><tr><td>NMTC Equity (\$0.80 / NMTC):</td><td>\$ 8,900,000</td><td></td></tr></table>	Capital Campaign, Historic Tax Credits (bridged), and 2023 CPF Grant from HUD	\$ 19,600,000	<b>Lev. Loan Eligible</b>	<hr/>			NMTC Equity (\$0.80 / NMTC):	\$ 8,900,000	
Capital Campaign, Historic Tax Credits (bridged), and 2023 CPF Grant from HUD	\$ 19,600,000	<b>Lev. Loan Eligible</b>								
<hr/>										
NMTC Equity (\$0.80 / NMTC):	\$ 8,900,000									
Projected Closing:	TBD									
Current Status:	➤ Project is on the Historic Register. CA									
Community Benefits/Impact:	➤ Job Creation: <b>10 Permanent &amp; 60 part-time contractors – 150 Construction</b> ➤ Mental & Spiritual Care for Veterans & Homeless Veterans – The project will <b>serve 360 people</b> per year on-site with its life-changing Moral Injury Recovery Programs ( <i>historically the program has served &gt;70% low-income, &gt;60% homeless, 76% BIPOC</i> ).									



# NLSLA JUSTICE CENTER

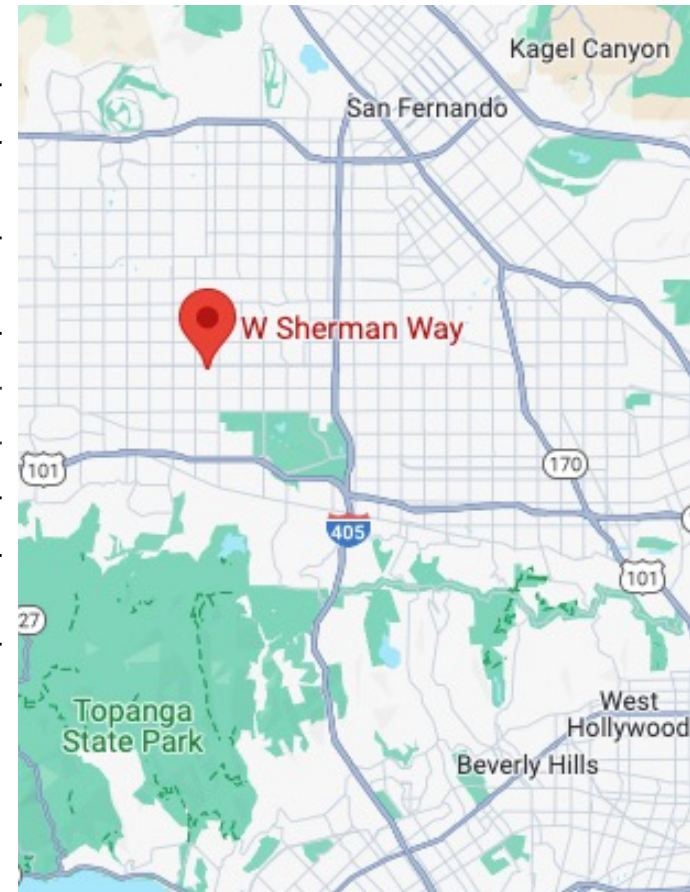
<b>Developer:</b>	Neighborhood Legal Services of Los Angeles County (NLSLA)		
<b>Project Type:</b>	New Construction; Sponsor's HQ Office & Justice Center		
<b>Description:</b>	<p>This project is the new construction of a 25,000 SF Justice Center in the Pacoima area. The Sponsor, NLSLA, is a nonprofit organization with a 55-year track record of providing legal help to Los Angeles' low-income communities. The new Justice Center will allow NLSLA to significantly increase the number of people the organization serves across Los Angeles County. NLSLA's current office in Pacoima – which will be acquired by L.A. Metro for the construction of a much-needed light rail extension – was first opened in 1965 by a group of attorneys looking to expand access to healthcare, housing, and justice in the San Fernando Valley. The Justice Center will accommodate approx. 100 NLSLA staff and the following services: NLSLA Health Consumer Center, housing and homelessness services, family law/domestic violence advocacy, and disaster legal assistance programs.</p>		
<b>Location:</b>	13411 Van Nuys Blvd, Pacoima, CA 91331 (CD 7)		
<b>Census Tract Eligibility (2016-20):</b>	<p>➤ <b>23.7%</b> Poverty Rate (<i>greater than 20% and 30%</i>)</p> <p>➤ <b>49.2%</b> of Metro/State Median Income (<i>less than 80% and 60%</i>)</p> <p>➤ <b>1.63x</b> National Avg. Unemployment (<i>greater than 1.5x</i>)</p>		
<b>Estimated TDC &amp; NMTC Allocation:</b>	Budget:	\$ 40,500,000	Total QEI: \$ 36,000,000 LADF QEI: \$ 14,500,000
<b>Potential Sources of Funds:</b>	Public Funding Sources:	\$ 12,000,000	<b>Lev. Loan Eligible</b>
	Private Capital Campaign:	\$ 17,250,000	<b>Lev. Loan Eligible</b>
	NMTC Equity (\$0.80 / NMTC):	\$ 11,250,000	
<b>Projected Closing:</b>	Q3 2025		
<b>Current Status:</b>	<p>➤ project has been delayed until May 2025. Genesis has agreed to provide allocation of 15 million.</p>		
<b>Community Benefits/Impact:</b>	<p>➤ Job Creation: <b>106 Permanent</b> (77 ret. / 29 new) – <b>40 Construction</b></p> <p>➤ NLSLA Provides training and employment opportunities, including internships and professional development.</p> <p>➤ NLSLA serves <b>over 116,000</b> low-income individuals and families annually, with the new facility expanding their reach by <b>50%</b></p> <p>➤ NLSLA is a minority-controlled nonprofit organization.</p>		





# RESEDA THEATRE

Developer:	Azure Community Development, Inc.		
Project Type:	Renovation; Entertainment and Small Business Incubator		
Description:	The Reseda Theater & Public Market project is revitalizing a historic <b>15,860 square foot</b> theater in Downtown Reseda into a vibrant community space. Managed by Azure Community Development, the project focuses on low-income, BIPOC communities, featuring a food hall with six tenants across <b>300-1,000 square feet</b> each, a <b>92-seat</b> craft beer garden, two movie theaters totaling 100 seats, and a weekday community meeting space. Tenants will benefit from interest-free, forgivable <b>\$50,000 start-up loans</b> and <b>20-25%</b> below-market rent. This initiative is set to rejuvenate a once-thriving area, significantly affected since the 1970s, by promoting local business and community engagement in a historically rich location.		
Location:	18447 West Sherman Way, Los Angeles, CA 91335 (CD 3)		
Census Tract Eligibility (2016-20):	➤ <b>55.7%</b> of Metro/State Median Income ( <i>less than 80% and 60%</i> ) ➤ <b>Federally-designated Opportunity Zone</b>		
Estimated TDC & NMTC Allocation:	Budget:	\$ 15,000,000	Total QEI: \$ 15,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Sect. 108 & Other Debt (TBD):	\$ 9,070,000	<b>Lev. Loan Eligible</b>
	City of Los Angeles (grant):	\$ 1,250,000	<b>Lev. Loan Eligible</b>
	NMTC Equity (\$0.80 / NMTC):	\$ 4,680,000	
Projected Closing:	TBD		
Current Status:	➤The plans and specs are underway. Zoning allows the project use by-right. Permits are anticipated by the end of 2024.		
Community Benefits/Impact:	➤ Jobs Creation: <b>42 Permanent</b> ( <i>created</i> ) – <b>45 Construction</b> ➤Latina-led and -controlled non-profit. The GC is also an <b>MBE</b> . ➤Start-Up Loan Program: Up to <b>\$50k</b> forgivable loans for tenant start-ups, <b>25%</b> forgiven annually over 4 years if business remains operational. ➤Sponsor to recruit food tenants via local <b>WorkSource entrepreneurship program</b> ; tenants to have at least one site (e.g., food truck) for business growth.		

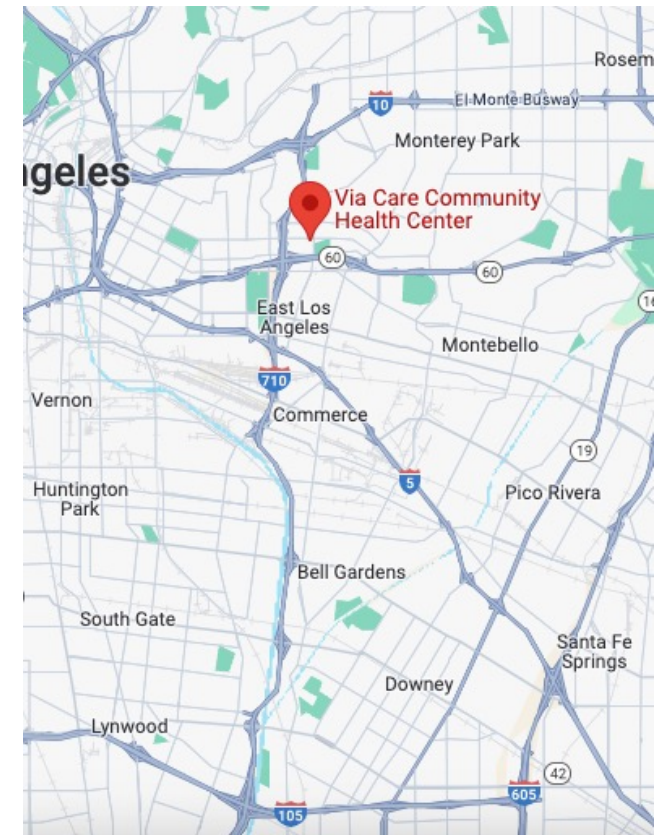


# VIA CARE CESAR CHAVEZ HEALTH AND WELLNESS CAMPUS

Developer:	Via Care Community Health Center		
Project Type:	New Construction; Medical Facility		
Description:	Via Care Community Health Center, a non-profit Latino-led FQHC, is replacing its <b>4,500 SF</b> storefront in East LA with a <b>25,000 SF</b> facility. Currently serving 8,000 patients with 32,000 visits annually, the new facility will serve <b>17,200 patients with 68,000 visits</b> , marking a <b>115% increase</b> . Phase 1 includes 12 medical exam rooms, 4 dental bays, after-hours urgent care, mental health counseling, and case management offices. This project is the first of <b>two phases</b> converting a storefront FQHC and two vacant parcels into a comprehensive medical and wellness campus. Phase 2 will cost \$42MM and add a retail pharmacy, women's health and pediatrics, pediatric dental services, and a laboratory. Combined, both phases will serve <b>34,600 patients with 174,000 visits annually</b> . Via Care's patient base is over <b>95% low-income and 94% on Medi-Cal</b> , with a board and leadership team predominantly BIPOC.		
Location:	4755 E Cesar E Chavez Ave, East Los Angeles, CA 90022 (unincorporated County land within <b>CD 14</b> )		
Census Tract Eligibility (2016-20):	➤ <b>64.5%</b> of Metro/State Median Income ( <i>less than 80% and 70%</i> ) ➤ Project will serve <b>Targeted Populations</b> (90% LIPs served currently)		
Estimated TDC & NMTC Allocation:	Budget:	\$ 38,805,000	Total QEI: \$ 33,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Capital Campaign, Sponsor's cash-on-hand, and debt	\$ 22,700,000	<b>Lev. Loan Eligible</b>
	NMTC Equity (\$0.80 / NMTC):	\$ 10,300,000	
Projected Closing:	TBD		
Current Status:	➤ The sponsor has acquired the site. Permits are expected by March 2025.		
Community Benefits/Impact:	➤ Jobs: <b>78 Permanent</b> (65 created / 13 ret.) – <b>200 Construction</b> ➤ The project will serve (Phase I only) 17,200 unique patients/year with 68,000 visits annually. Over <b>95%</b> of those served are <b>low-income</b> and <b>96%</b> are <b>BIPOC</b> .		

Via Care

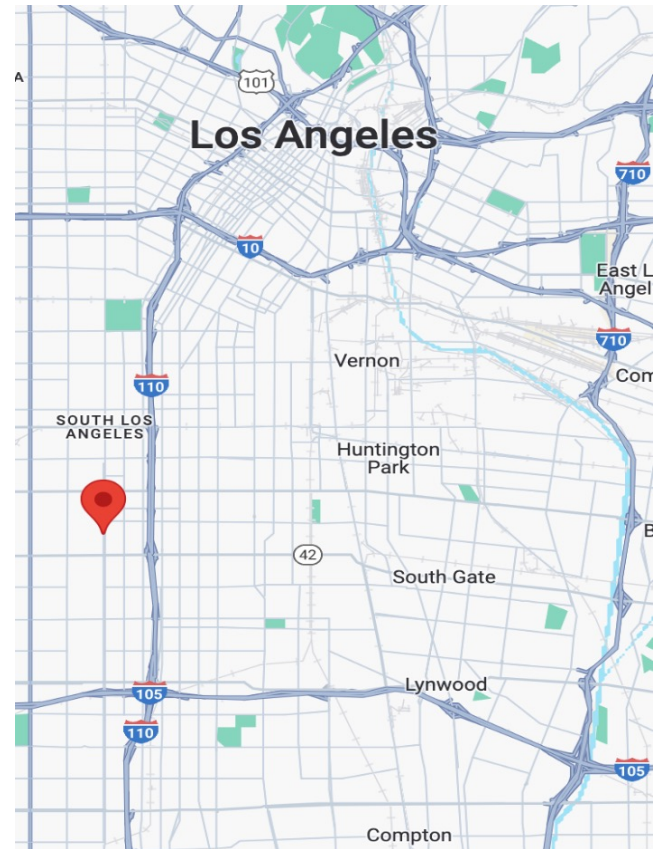
**BUILDING  
FOR THE FUTURE**  
The Campaign for Via Care





# CENTER FOR COMMUNITY ORGANIZING

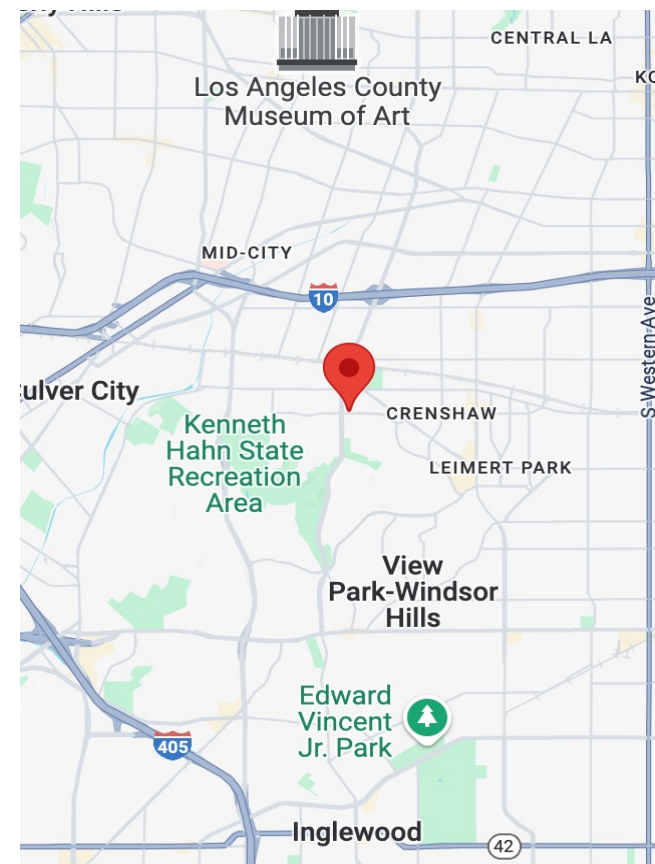
<b>Developer:</b>	Community Coalition (CoCo)
<b>Project Type:</b>	New Construction; Community Facility
<b>Description:</b>	Community Coalition (CoCo) is significantly involved in the social justice movement, focusing on engaging Black and Brown communities in South LA for more than 30 years. Their activities include organizational assessments, stakeholder interviews, and leadership pipeline development. In collaboration with Building Movement Project and Community Change, CoCo aims to establish a leadership network by engaging with over 20 base-building organizations across various cities. This involves addressing the needs within the progressive movement. CoCo's accomplishments also feature successful fundraising, having raised over \$11 million in two years and obtaining land for housing. Furthermore, they have launched a training program that has educated over 100 organizers from 39 organizations between 2019 and 2023. This initiative demonstrates a comprehensive approach to developing power and capacity in social justice movements, ranging from grassroots organizing to resource acquisition and leadership training.
<b>Location:</b>	7514, 7518-7526 S Vermont Ave. Los Angeles, CA 90044 <b>(CD 8)</b>
<b>Census Tract Eligibility (2016-20):</b>	➤ <b><u>22.6%</u></b> Poverty Rate ( <i>greater than 20%</i> ) ➤ <b><u>58.0%</u></b> of Metro/State Median Income ( <i>less than 80% and 60%</i> )
<b>Estimated TDC &amp; NMTC Allocation:</b>	Budget: \$ 40,000,000      Total QEI: \$ 30-40mm LADF QEI: \$ TBD
<b>Potential Sources of Funds:</b>	The project is actively seeking potential sources of funds
<b>Projected Closing:</b>	2025
<b>Current Status:</b>	➤ Current progress includes strategic planning, which involves developing a sustainability plan, fundraising for program development, finalizing the design of new programs, and beginning construction of a state center for CoCo.
<b>Community Benefits/Impact:</b>	➤ Job Creation and Retention: TBD ➤ Aim to triple their student reach within the next two years, moving beyond their current annual reach of 400-500 students across five South LA high schools (Crenshaw High School, Washington Prep, Augustus Hawkins, Manual Arts High School, Fremont High School). ➤ Educational Impact: Significant positive outcomes in graduation and higher education rates, directly linked to their civic engagement services. ➤ Building capacity of organizations led by <i>People of Color</i>





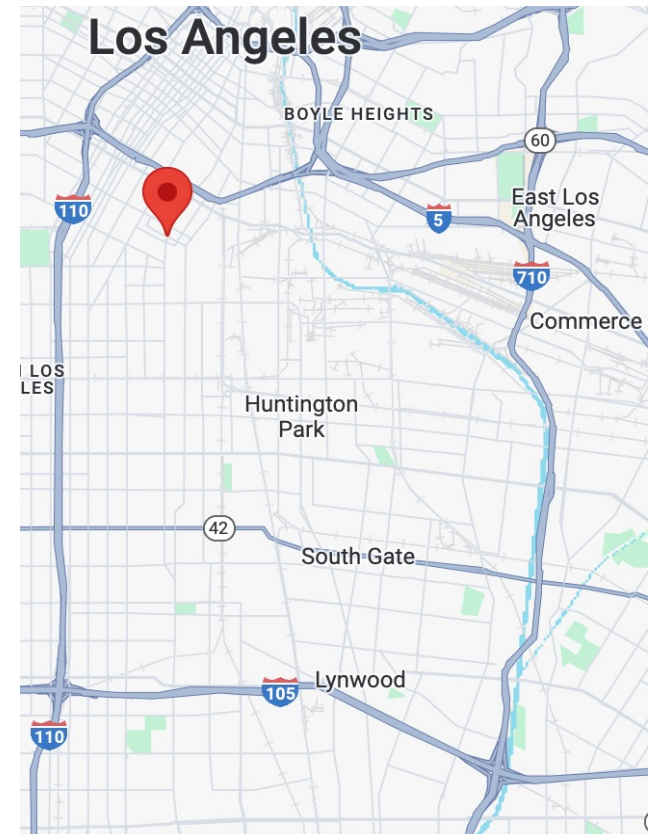
# SOUTH LA HEALTHY FOOD / COSTCO

Developer:	Thrive Living		
Project Type:	New Construction – Full-Service Costco In an Affordable Housing Complex		
Description:	<p>This project involves the construction of a <b>full-service Costco</b> store with four floors of subterranean parking, providing residents with access to healthy foods in a <b>USDA-designated Food Desert</b>. Thrive Living is also developing a <b>\$327 million, 800-unit housing complex</b> above Costco, with <b>184 units</b> designated as affordable housing for tenants earning below 80% AMI. This project addresses a severe housing shortage while creating a community-focused, transit-oriented development in <b>South LA</b>.</p> <p>Thrive Living is a real estate developer dedicated to addressing the housing crisis in Los Angeles through a community-centered approach. Thrive collaborates with over 30 local organizations to address urgent needs in disadvantaged neighborhoods. Before initiating this project, Thrive spent 18 months gathering input from a local resident focus group, which led to a partnership with Costco to provide a much-needed healthy food option in the area.</p>		
Location:	5035 Coliseum St. Los Angeles, CA 90016 ( <b>CD 10</b> )		
Census Tract Eligibility (2016-20):	<p>➤ <b>27.0%</b> Poverty Rate (<i>greater than 20%</i>)</p> <p>➤ <b>44.0%</b> of Metro/State Median Income (<i>less than 80% and 60%</i>)</p>		
Estimated TDC & NMTC Allocation:	Budget:	\$ 115,600,000	Total QEI: \$ 70,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Sponsor Equity :	\$ 26,070,000	<b>Lev. Loan Eligible</b>
	Senior Debt:	\$ 67,731,000	
	NMTC Equity (\$0.80 / NMTC):	\$ 21,840,000	
Projected Closing:	Q2/Q3 2025		
Current Status:	Sponsor is in the process of securing senior debt financing and obtaining CDE commitments of NMTC Allocation.		
Community Benefits/Impact:	<p>➤ Jobs: <b>290 Permanent / TBD Construction</b></p> <p>➤ <b>100%</b> of jobs above <b>MIT Living Wage</b> and <b>100%</b> of jobs receive <b>benefits</b></p> <p>➤ Estimated to serve <b>223,000</b> community members annually.</p> <p>➤<b>Social Services:</b> Partners with local nonprofits for job training and hiring, offering benefits like medical, dental, and vision insurance for employees and their dependents.</p>		



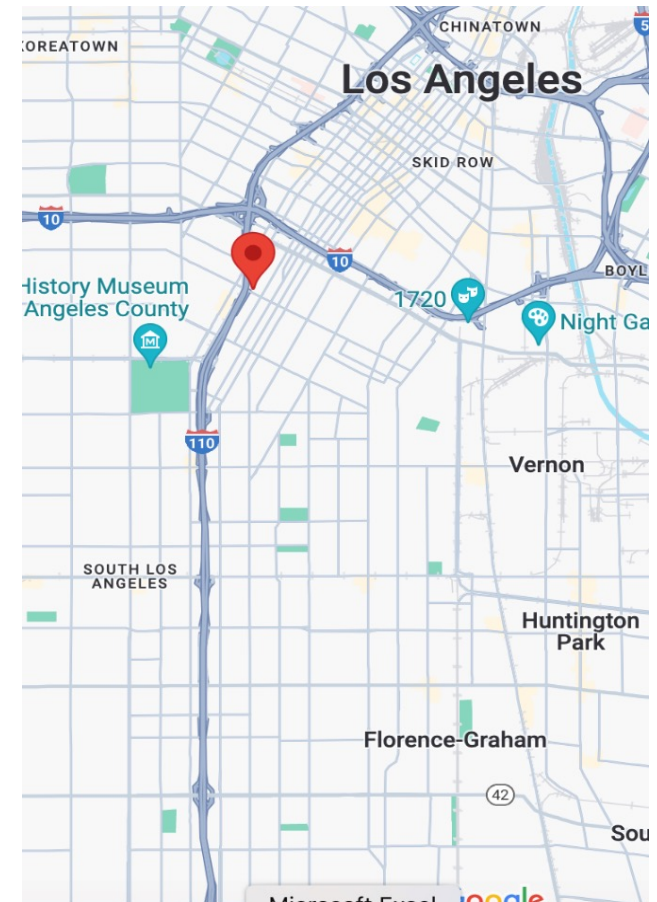
# FQHC – CENTRAL NEIGHBORHOOD FOUNDATION

Developer:	Central Neighborhood Health Foundation		
Project Type:	Federally Qualified Health Center (FQHC) Expansion / Working Capital		
Description:	The Central Neighborhood Health Foundation ("CNHF") is expanding its healthcare services across Los Angeles, Riverside, and San Bernardino counties, focusing on medically underserved and highly distressed communities. As a <b>Federally Qualified Health Center</b> , CNHF provides essential services such as family and internal medicine, pediatrics, OB/GYN, optometry, dentistry, behavioral health, diabetes management, telehealth, and COVID-19 care. With a New Markets Tax Credit allocation of \$15 million, CNHF aims to <b>increase patient visits by 13%</b> over the next three years, welcoming approximately <b>5,904 new patients and adding 19,211 visits</b> . The project will also generate 16 new full-time jobs while retaining 61 current positions, with a workforce that includes 74% women and 73% minority employees. To extend its reach, CNHF operates from multiple fixed locations, including clinics within Medically Underserved Areas, as well as three mobile units.		
Location:	CNHF operates in 6 highly distressed, 1 qualified, and 3 non-qualified census tracts (including 2 medically underserved areas) and has 3 mobile units. See below 4 locations in Los Angeles: <b>HQ Office:</b> 2700 S Grand Avenue, Los Angeles, CA 90007 <b>(CD9)</b> <b>Central Clinic:</b> 2707 S Central Avenue, Los Angeles, CA 90011 <b>(CD9)</b> <b>Grand Clinic:</b> 2614 S Grand Avenue, Los Angeles, CA 90007 <b>(CD9)</b> <b>Wilshire Specialty Clinic:</b> 1245 W Wilshire Blvd, Los Angeles, CA 90017 <b>(CD1)</b>		
Census Tract Eligibility (2016-20):	➤ <u><b>32.5 to 32.6%</b></u> Poverty Rate ( <i>greater than 20% and 30%</i> ) ➤ <u><b>38.0 to 46.0%</b></u> of Metro/State Median Income ( <i>less than 80% and 60%</i> )		
Estimated TDC & NMTC Allocation:	Budget:	\$ 15,000,000	Total QEI: \$ 15,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Sponsor Equity:	\$ 1,000,000	<b>Lev. Loan Eligible</b>
	Sponsor Equity – Prior Incurred Exp.:	\$ 8,320,000	<b>Lev. Loan Eligible</b>
	NMTC Equity (\$0.80 / NMTC):	\$ 4,680,000	
Projected Closing:	Upon receipt of Allocation		
Current Status:	➤ TBD		
Community Benefits/Impact:	➤ Job Creation: <b>16 new FTEs</b> and retention of <b>61 existing FTEs</b> ➤Healthcare Access: Expected 13% increase in patients/visits over 3 years ( <b>5,904 new patients</b> ) ➤Patient Demographics: <b>92% low-income</b> patients, <b>73% minority</b> patients, <b>88% female</b> employees		



# FQHC – YEHOWA MEDICAL SERVICES

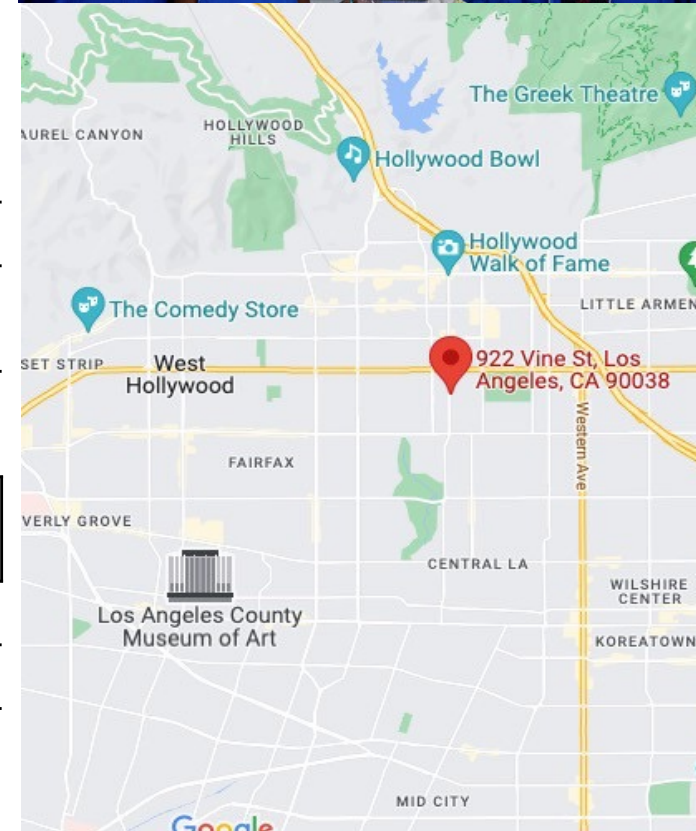
Developer:	Yehowa Medical Service
Project Type:	Federally Qualified Health Center (FQHC) Expansion / Working Capital
Description:	Yehowa Medical Services is a Federally Qualified Health Center providing comprehensive clinical and non-clinical services, including medical, dental, behavioral health, alcohol and drug counseling, psychiatry, STD/HIV testing nutritional counseling, case management, and eligibility assistance. Yehowa Medical Services (YMS) is undergoing significant expansion to better serve South Los Angeles and surrounding areas. With two new locations and a doubled space at its Vermont Avenue facility, YMS is poised to increase its dental services and further extend its community impact. To support this growth, YMS plans to utilize NMTC financing, which is anticipated to <b>boost patient capacity by 20-25%</b> , bringing in an <b>additional 983 to 1,299 patients</b> . Furthermore, a partnership with PIH Health Physicians aims to establish YMS as the exclusive healthcare provider for the Whittier area, with a new clinic projected to open by the end of 2024. This expansion will enable YMS to deepen its commitment to accessible, high-quality care in underserved communities.
Location:	1039 W Florence Avenue, Los Angeles, CA 90044-2441 (CD8) 11502 S Vermont Avenue, Los Angeles, CA 90044 (CD8) 1037 E Pacific Coast Hwy, Los Angeles, CA 90744 (CD15)
Census Tract Eligibility (2016-20):	➤ <b>31.0%</b> Poverty Rate ( <i>greater than 20% and 30%</i> ) ➤ <b>44.0 to 55.0%</b> of Metro/State Median Income ( <i>less than 80% and 60%</i> )
Estimated TDC & NMTC Allocation:	Budget: \$ 15,000,000                      Total QEI: \$ 15,000,000 LADF QEI: \$ 10,000,000
Potential Sources of Funds:	Sponsor Equity: \$ 1,000,000 <b>Lev. Loan Eligible</b> Sponsor Equity – Prior Incurred Exp.: \$ 8,320,000 <b>Lev. Loan Eligible</b> NMTC Equity (\$0.80 / NMTC): \$ 4,680,000
Projected Closing:	Upon receipt of Allocation
Current Status:	➤ TBD
Community Benefits/Impact:	➤ Jobs: <b>77 Permanent</b> ( <i>16-30 created / 61 ret.</i> ) ➤ <b>Patient Increase:</b> 20-25% (983 to 1,299 new patients) ➤ <b>Demographics:</b> 89% Minority & 90% LIP Patients, 53% Women Patients ➤ <b>Employee Demographics:</b> 82% LIP Employees





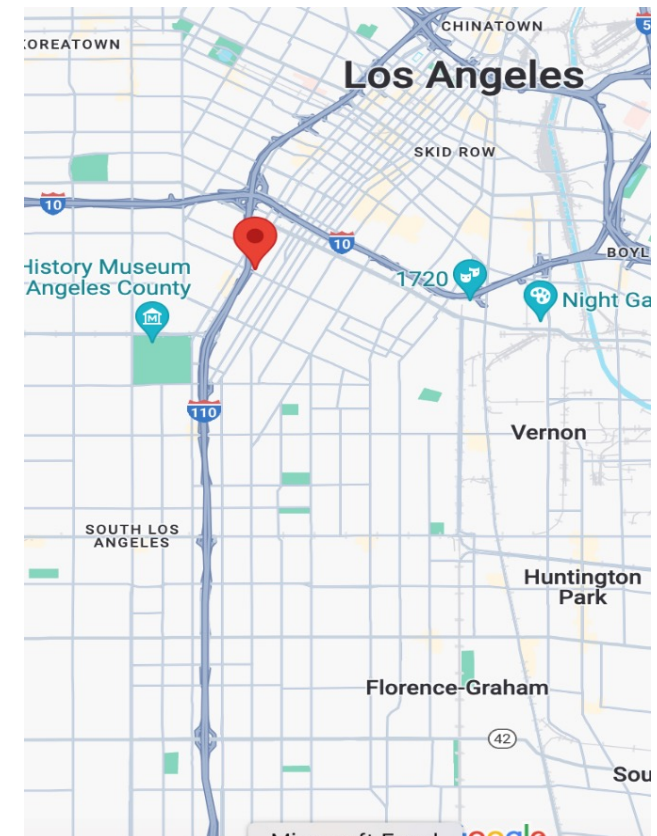
# PROJECT ANGEL FOOD (PHASE II)

<b>Developer:</b>	Project Angel Food (a non-profit organization)		
<b>Project Type:</b>	New Construction / Office & Community Space		
<b>Description:</b>	<p>Project is the new construction of a <b>15,000 SF facility</b> which will house Project Angel Foods's administrative offices, Nutrition Services and Client Services, as well as enhance the programming at the Phase I site across the street (<i>financed by LADF in March 2024</i>). The combined development, with both phases, will create a combined 32,000 SF campus.</p> <p>Project Angel Food is a nonprofit organization founded in 1989. Project Angel Food prepares and delivers over 1.3 million medically tailored meals each year, free of charge, to low-income people affected by life-threatening illnesses. Clients will receive one-on-one nutritional counseling and a customized menu that is designed to meet the unique needs of their diagnosis and aligned with their personal dietary restrictions and preferences. Currently, the Project Angel Food kitchen creates <b>13 variations</b> of each menu.</p>		
<b>Location:</b>	954-962 Vine Street, Los Angeles CA 90038 <b>(CD 13)</b>		
<b>Census Tract Eligibility (2016-20):</b>	<p>➤ <b><u>20.5%</u></b> Poverty Rate (<i>greater than 20%</i>)</p> <p>➤ <b><u>50.8%</u></b> of Metro/State Median Income (<i>less than 80% and 60%</i>)</p>		
<b>Estimated TDC &amp; NMTC Allocation:</b>	Budget:	\$ TBD	Total QEI: \$ TBD LADF QEI: \$ 10,000,000
<b>Potential Sources of Funds:</b>	Funding Sources are TBD		\$ TBD
<b>Projected Closing:</b>	TBD		
<b>Current Status:</b>	Project is still in design and pre-development stages.		
<b>Community Benefits/Impact:</b>	<p>➤ Job Creation: <b>TBD</b> Permanent – <b>TBD</b> Constr.</p> <p>➤ Community impacts associated with the nutrition and food programming planned for the site have not yet been provided.</p>		



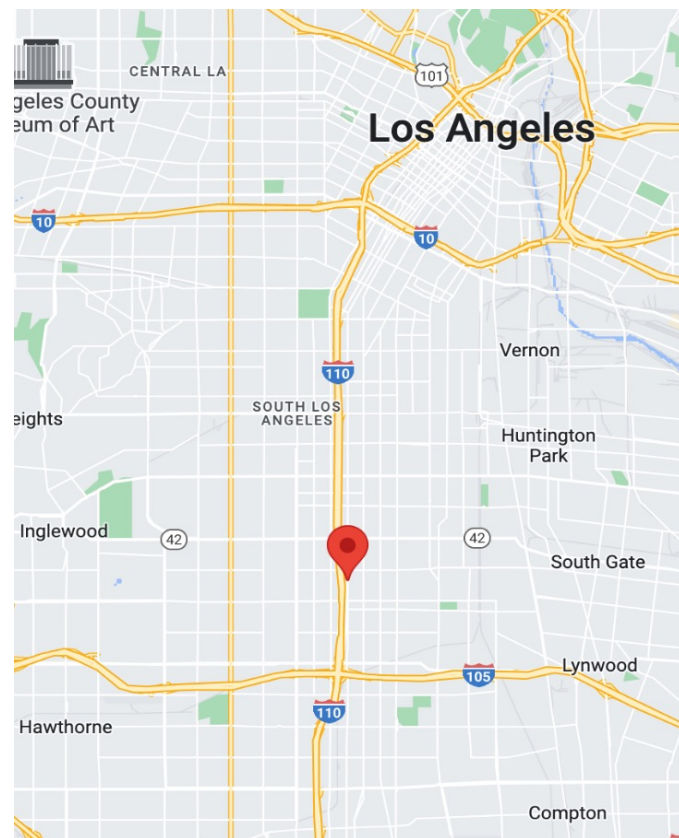
# LUSKIN ORTHOPAEDIC INSTITUTE FOR CHILDREN

Developer:	The Luskin Orthopaedic Institute for Children		
Project Type:	Expansion; Critical healthcare facility for Low-Income Children & Adults		
Description:	The Luskin Orthopaedic Institute for Children ("LuskinOIC") is undertaking an expansion project to enhance orthopedic services in south Los Angeles, a community with notable medical needs. This initiative will provide expanded <b>orthopaedic services</b> to adult patients and establish an advanced imaging center equipped with an MRI and a Hi Rise Curve Beam CT Scanner. In addition, the project covers the expansion of the existing physical and occupational therapy facility, the ambulatory surgery center, and renovation of the existing <b>117,000 SF</b> buildings for better accessibility for patients and their families. Previously, in 2017, LuskinOIC carried out a New Markets Tax Credit transaction to construct a new Ambulatory Surgery Center and expand its urgent care and fracture clinic. This served primarily the Medi-Cal managed population, uninsured, and underinsured (>93% low-income children) from nearby areas. The expansion is projected to bring in <b>5,000 more visits</b> annually and double the surgical volume, accommodating an <b>extra 650 cases</b> yearly.		
Location:	403 West Adams Boulevard, Los Angeles, CA 90007 ( <b>CD 9</b> )		
Census Tract Eligibility (2016-20):	➤ <b>38.2%</b> Poverty Rate ( <i>greater than 20% and 30%</i> ) ➤ <b>30.0%</b> of Metro/State Median Income ( <i>less than 80% and 60%</i> )		
Estimated TDC & NMTC Allocation:	Budget:	\$ 12,000,000	Total QEI: \$ 12,000,000 LADF QEI: \$ 12,000,000
Potential Sources of Funds:	Sponsor Equity / Fundraising:	\$ 8,260,000	<b>Lev. Loan Eligible</b>
	NMTC Equity (\$0.80 / NMTC):	\$ 3,740,000	
Projected Closing:	TBD		
Current Status:	➤ <b>TBD</b>		
Community Benefits/Impact:	➤ Jobs: <b>170 Permanent</b> ( <i>20 created / 150 ret.</i> ) – <b>26 Construction</b> ➤ Introduction of <b>MRI and Hi Rise CurveBeam CT Scanner</b> . ➤ Expansion of therapy facility & ASC with second surgical suite. ➤ Building enhancements for mobility; outcomes: <b>5,000 additional</b> yearly visits and doubling surgeries with an extra <b>650 cases</b> annually.		



## 94<sup>TH</sup> AND BROADWAY

Developer:	94B, LLC
Project Type:	Mixed use: Grocery Store + 180 units of affordable housing (11% ELI)
Description:	The site in Council District 8, South Los Angeles, previously home to the Broadway Hospital until its closure in 1988, is undergoing a transformative redevelopment. Spanning roughly <b>5 acres</b> , the site is part of a larger block encompassing Broadway, 94th Street, Spring Street, and Colden Avenue. After the hospital's closure, the area remained vacant, awaiting new development opportunities. This significant <b>redevelopment project</b> involves converting the site into a vibrant residential and commercial hub. Plans include the construction of <b>180 apartments</b> , with a notable inclusion of <b>20 affordable units</b> , addressing the pressing need for housing in the area. Complementing the residential aspect, a <b>25,000 square foot</b> full-service grocery store is proposed, with ALDI, an affiliate of Trader Joe's, expressing interest through a Letter of Intent to manage it. This grocery store, offering fresh produce options, is particularly significant given the current lack of such amenities in this part of South Los Angeles.
Location:	9402-9422 S Broadway, Los Angeles, CA 90003 (CD 8)
Census Tract Eligibility (2016-20):	➤ <u><b>35.3%</b></u> Poverty Rate ( <i>greater than 20% and 30%</i> ) ➤ <u><b>52.0%</b></u> of Metro/State Median Income ( <i>less than 80% and 60%</i> )
Estimated TDC & NMTC Allocation:	Budget: \$ 69,027,354      Total QEI: \$ <b>TBD</b> LADF QEI: \$ <b>TBD</b>
Potential Sources of Funds:	The project is actively seeking potential sources of funds
Projected Closing:	TBD
Current Status:	➤ Submitting third group of invoices to DTSC for payment of contractor services and City's management of projects; Assisting with Lot line adjustment
Community Benefits/Impact:	➤ Job Creation: <b>75 Permanent</b> – TBD Construction ➤ Affordable Housing and Residential Development: The redevelopment of the site in Council District 8 includes constructing 180 apartments, featuring <b>20 affordable units</b> . ➤ Grocery Access: A <b>25,000 square foot ALDI store</b> to enhance fresh produce availability. ➤ Environmental : <b>\$2.7 million grant</b> from DTSC for soil cleanup.



# Tab 4



## NEW MARKETS TAX CREDITS INVESTMENT REPORT

TO: LADF Board of Directors  
FROM: Sandra Rahimi, Secretary  
DATE: December 12, 2024  
SUBJECT: Request to Approve a **\$6,000,000** New Markets Tax Credits Allocation to a Portion-Of-The-Business of Food Access Los Angeles ("**QALICB**") for the Food Access Los Angeles Farmers Markets ("**Project**")

### SUMMARY

**Project Name:** Food Access Los Angeles Farmers Markets ("**Project**")

**Location:** Headquarter Office: Chinatown Neighborhood (CD 1- Eunisses Hernandez)  
LA River Farmer's Market: Chinatown Neighborhood (CD 1- Eunisses Hernandez)  
Central Ave Farmer's Market: Central-Alameda Area (CD 9- Curren D. Price Jr.)  
Hollywood Farmer's Market: Hollywood Neighborhood (CD 13 - Hugo Soto-Martínez)  
Watts-Willowbrook Farmer's Market (Unincorporated LA County-Holly J. Mitchell)  
Compton College Farmer's Market (City of Compton) [*to-be-excluded from LADF's QLICIs*]

**Project Description:** Working Capital; Consumer Retail/Services

**Sponsor / Operator:** Food Access LA ("**Sponsor**", or "**FALA**")

**NMTC Investor:** US Bank ("**Investor**")

**Total Project Cost:** \$ 13,382,713

**Total Allocation / QEI:** \$ 12,500,000

**LADF Allocation / QEI:** \$ 6,000,000 LADF XXXIII, LLC (*Certified Sub-Allocatee*)

**Job Creation (Direct):** **36.6** Permanent FTEs (3 created & 33.6 FTE retained; 775 vendor jobs supported)

**Site Eligibility Criteria:** *Eligibility under 2016-2020 ACS Data; Targeted Distressed Community (per 2022 Alloc. Agmt)*

**NMTC Eligibility:** *Poverty Rate (greater than 20% & 30%), AMI (less than 80% & 60%), Unemp. Rate (greater than 1.5x)*

- FALA HQ Office:** Census Tract 06037206010; Poverty Rate: 29.6%, AMI: 44.0%, Unemployment Rate: 2.56x
- LA River FM:** Census Tract 06037206010; Poverty Rate: 29.6%, AMI: 44.0%, Unemployment Rate: 2.56x
- Central Ave FM:** Census Tract 06037228600; Poverty Rate: 31.0%, AMI: 54.0%, Unemployment Rate: 1.59x
- Hollywood FM:** Census Tract No. 06037190701; Poverty Rate: 37.2%, AMI: 73.0%, Unemployment Rate: 1.59x
- Watts-Willowbrook FM:** Census Tract 06037540700; Poverty Rate: 12.1%, AMI: 67.0%, Unemployment Rate: 2.04x
- Compton College FM<sup>1</sup>:** Census Tract No. 06037542402; Poverty Rate: 6.7%, AMI: 80%, Unemployment Rate: 1.65x

**Community Benefits:**

- Continue to serve **8,000** visitors per week (>50% low-income)
- Continue to support **225-300** small businesses annually (>50% BIPOC-owned)

**Key Compliance Criteria under the 2022 Allocation Agreement:**

<input checked="" type="checkbox"/> Sect. 3.2(a): Investments in, or loans to, QALICBs	<input checked="" type="checkbox"/> Sect. 3.2(b): Located within Service Area
<input checked="" type="checkbox"/> Sect. 3.2(c): Approved/Certified Sub-Allocatee	<input checked="" type="checkbox"/> Sect. 3.2(d): QLICI made to Unrelated Entity
<input checked="" type="checkbox"/> Sect. 3.2(f): Flexible Product	<input checked="" type="checkbox"/> Sect. 3.2(h): Targeted Distressed Community
<input checked="" type="checkbox"/> Sect. 3.2(j): 100% QEI Investment Usage	<input checked="" type="checkbox"/> Sect. 3.3(j): Monetize Only Eligible Existing Assets

**Projected Residual Value of LADF QLICI that may be obtained by the QALICB:** \$ 1,872,000

<sup>1</sup> Compton College Farmer's Market is included in the POB; however, it will not be funded by LADF because it is located outside the City of Los Angeles.



## CONTENTS

SUMMARY .....	1
PROJECT DESCRIPTION .....	3
SITE ANALYSIS.....	5
COMMUNITY AND ECONOMIC BENEFITS .....	6
PROJECT TEAM.....	8
PROJECT FEASIBILITY .....	10
FINANCING PARTNERS .....	12
FINANCING STRUCTURE.....	12
PROJECT READINESS .....	14
NMTC ELIGIBILITY AND COMPLIANCE .....	14
DEMONSTRATED NEED FOR NMTC FINANCING (“BUT FOR” TEST).....	17
COLLATERAL AND GUARANTEES .....	17
LOAN REPAYMENT ANALYSIS/EXIT STRATEGY .....	17
RISKS AND MITIGANTS .....	18
LADF FEE LOAD AND RESERVES.....	19
POLICY EXCEPTIONS .....	19
RECOMMENDATION .....	19
ATTACHMENTS .....	19
EXHIBIT A: Food Access LA Flow of Funds ( <i>as of November 21, 2024</i> – Final Projections Pending).....	20

## PROJECT DESCRIPTION

Food Access LA (“**FALA**”, or “**Sponsor**”), which is the operating name or “d/b/a” of Sustainable Economic Enterprises of Los Angeles, plans to utilize NMTC financing to enhance its farmers’ markets, expand community and vendor programs, and strengthen organizational stability for long-term impact (“**Project**”). Established in 1996, FALA is a nonprofit organization dedicated to building sustainable food systems that ensure equitable access to fresh, affordable, and locally grown foods. The organization operates with a team of 41 staff members, running eight farmers’ markets and four community programs throughout Los Angeles.



FALA operates a total of eight farmers’ markets, which collectively serve approximately 10,000 visitors each week, 45 % of whom are low-income. These markets combined support between 320 and 400 unique small-scale agriculture and food entrepreneurs annually, over 50% of whom are BIPOC-owned. Collectively, the markets generate over \$13.5 million in gross sales for vendors, who retain \$0.88–\$0.92 of every dollar spent at their stall. This is a more sustainable business model for small food entrepreneurs than supplying grocery stores or other distribution channels, which may yield them as little as 20% of gross sales. Additionally, the markets foster community connections and enhance neighborhood safety.

For purposes of the NMTC transaction, a portion-of-the-business (or “**POB**”) of FALA will receive working capital financing for its headquarter office and five of its eight farmers’ markets (*all five of which are in NMTC qualifying census tracts*), which serve approximately 8,000 visitors weekly, 52% of whom are low-income. Low-income individuals are identified by comparing the number of EBT transactions to the overall sales revenue. Additionally, FALA occasionally collaborates with college students who audit the markets, leveraging their data when it is applicable to the project. These markets support between 225 and 300 unique small-scale entrepreneurs, over half of whom are BIPOC-owned. Headquarter and three<sup>1</sup> of these five markets are located in USDA-designated Food Deserts, emphasizing their critical role in addressing food insecurity. One of the five farmers’ markets included in the NMTC transaction, the Compton College market, will only be funded by Genesis LA (*LADF’s partner CDE in the transaction*) and not by LADF because it is located outside the City of Los Angeles. Watts-Willowbrook is situated on unincorporated County land, merely two blocks away from the Los Angeles city limits.

FALA also offers programs that extend beyond the markets (these programs are *operated through its headquarter office space which is included in our QALICB*), targeting nutrition education, urban agriculture, food-business entrepreneurship, and digital access to food assistance benefits. Below are descriptions of each of these programs:

- **Market Match:** This program allows those with EBT/SNAP to come to the market, use their EBT/SNAP, and get a cash match for use at the market. This means that low-income people can get twice the food for their EBT/SNAP at the markets. In addition to helping the customers, it helps the vendors who benefit from more demand. Notably, this program (*which will continue with NMTCs*) helps the markets overall since they help draw in customers. Approximately 32,300 and 22,000 people per year use this program at FALA’s markets overall and in the POB, respectively. Without the NMTC working capital infusion, the Market Match program is at risk of being eliminated. With the NMTCs, FALA will be able to maintain administrative capacity for the program and work to increase it from a \$10 to \$30 match with additional fundraising, further enhancing its impact on customers and market participation.

<sup>1</sup> Hollywood Farmers’ Market, LA River Farmers’ Market, and Compton College Farmers’ Market are located in USDA-designated food deserts.

- Family Nutrition & Title I School Nutrition Programs:** FALA has the Pompea Smith Good Cooking / Buena Cocina (PSGC) team which teaches classes on nutrition, conducts cooking sessions, provides recipes and produce samples, and more at FALA markets and in the surrounding communities. PSGC runs an adult nutrition program and also trains educators who then go on to train those in the community and in Title I schools. Approximately 200 classes per year are held at the markets, at Lawndale Elementary School, at parks, and in health care clinics across LA annually. Approximately 7,000 people per year participate in these programs. At least 78% of participants in these programs are low-income. With NMTC funding, FALA can continue to serve these individuals, hold events, and provide meaningful benefits to the community.
- Urban Ag:** This is a relatively new program that is focused on helping community members in Food Deserts to set up their own gardens and to become certified to sell at Food Access LA farmers' markets. Some of the participants in this program have become vendors at the markets – such as Bolanos Sprouts, Huarache Farms, and Major Microgreens. Thus, in addition to improving the urban environment and providing food access, it is also a small business development program. The program also offers \$10,000 microgrants, funded by the USDA's Farm Service Agency and the California Department of Food & Agriculture. These microgrants are designed to support projects requiring financial assistance for implementation. Additionally, over the last few years, FALA has organized events in Los Angeles County in collaboration with California Climate & Action Network, Community Alliance of Family Farmers, the Los Angeles Food Policy Council, USDA Farm Services Agency, and others that allow local growers to connect, meet legislators and government representatives, and build broad coalitions. Approximately 20 farmers per year participate in this program.
- Online Ordering Platform – Increasing Food Access & Partnering with Food Banks:** FALA has "eat!", a digital platform that connects customers to the farmers' market and aims to address barriers to access due to limited transportation options, mobility restrictions, or conflicting personal and work commitments during market hours. Through "eat!", FALA has a farmers' market-wide CSA (Community Supported Agriculture) Program that provides patrons with a fresh food box that comes from 5 to 7 specific farmers at a time. Approximately 65 people per year participate in the CSA program. Additionally, FALA partners with the LA Regional Food Bank and Farms Together to facilitate bulk distribution directly from farmers to the food bank. Currently, FALA accepts EBT payments for online orders when transactions are completed in person at the market, where the organization facilitates individual customer orders. However, this approach has not proven to be financially sustainable for the platform. FALA is actively working to secure FNS authorization to operate as an online SNAP retailer, addressing challenges related to multi-vendor transactions and product ownership to better serve its community.

FALA's programs focus on teaching nutrition, cooking skills, and healthy eating habits in markets, schools, parks, and clinics throughout Los Angeles.

Without NMTC financing, FALA's ability to continue these programs and sustain its impactful work would be at risk. The funding will ensure the continued delivery of essential services and the stability of an organization that plays a pivotal role in advancing food security, economic opportunity, and health equity in Los Angeles. Specifically, FALA will use the NMTC financing to hire 3 new positions, which are an HR manager, farmers' market director, and bookkeeping assistant. Additionally, FALA will use \$150,000 towards a new marketing campaign and \$132,000 to engage a grants and fundraising contractor, both of which are expected to increase visibility and participation at its farmers' markets as well as enhance FALA's fundraising platform to ensure future sustainability of each of its farmers' markets.

For details about the proposed community benefits provided at the Project, please refer to the section entitled "COMMUNITY AND ECONOMIC BENEFITS"

## Site Visit

On August 21, 2024, LADF staff members Christopher Chorebanian and Jiaqi Wu conducted a site visit to the Watts Willowbrook Farmers Market, located at 1670 East 120th Street, Los Angeles, within the MLK Outpatient Center parking lot. During the visit, staff met with Jennifer Grissom, Executive Director of the sponsor, and engaged with local vendors and residents from the surrounding Low-Income Community (LIC). The market is strategically positioned near a hospital and benefits from abundant parking facilities, enabling increased accessibility for community members. The market experiences high activity during lunch hours, serving as a key resource for families and individuals seeking prepared food options.

## SITE ANALYSIS

The project sites are located at the following addresses:

Name	Address	Council District	Years Been in the location
Headquarter Office	1231 N. Spring St. Ste C-102, Los Angeles, CA 90012	CD1: CM Eunisses Hernandez	3 years.
LA River Farmers' Market	1245 N Spring St, Los Angeles, CA 90012	CD1: CM Eunisses Hernandez	3 Years
Central Ave Farmers' Market	4301 S Central Ave. Los Angeles, CA 90011	CD9: CM Curren D. Price Jr.	21 Years
Hollywood Farmers' Market	1600 Ivar Ave, Los Angeles, CA 90028	CD13: CM Hugo Soto-Martinez	33 Years
Watts-Willowbrook Farmers' Market	1670 E 120th St, Los Angeles, CA 90059	<i>LA County: Supervisor Holly J. Mitchell</i>	1 year in the current location, 6 years in the neighborhood with a break during the pandemic.
Compton College Farmers' Market <i>Excluded from LADF's portion of NMTC financing</i>	1111 E Artesia Blvd, Compton, CA 90221	<i>City of Compton</i>	2 Years

The headquarter office serves as a central hub for administrative and operational activities. Situated in a strategic area, the property supports various functions, including sponsorships and events, and has played a vital role in hosting community-driven initiatives and other public events. The headquarters is currently under lease, with further details discussed in the site control section below.

The LA River Farmers' Market operates as a Certified Farmers' Market. <sup>1</sup>It is held once a week and sells fresh produce, locally sourced goods, and prepared foods. The market operates within the Los Angeles State Historic Park, offering free parking facilities for attendees. The location is accessible by foot, bicycle, train, bus, and car. It is directly adjacent to the LA Metro Chinatown "A" Line Station, with ample free parking available at the park.

The Central Avenue Farmers' Market does not operate as a Certified Farmers' Market but instead functions under a temporary sidewalk closure permit. It is held once a week and sells fresh produce, eggs, honey, handmade foods, bread, desserts, and juices. The market operates on sidewalks along Central Avenue and complies with city regulations. Street parking is available, and public transportation options include Metro Transit Lines 53 and 120.

<sup>1</sup> "Certified Farmers' Market" refers to a designated site approved by the California Department of Food and Agriculture (CDFA) where certified farmers can sell their locally grown produce directly to consumers. These markets are regulated under state law to ensure the authenticity of the products, supporting local agriculture and providing access to fresh, seasonal, and often organic produce.

The Hollywood Farmers' Market operates as a Certified Farmers' Market. It is held weekly and offers a variety of California-grown agricultural products, prepared foods, and arts and crafts. The market involves full street closures on Ivar Avenue, Selma Avenue, and Cosmo Street to accommodate vendors and visitors. Parking is available at Sunset & Vine (\$6), Sunset & Ivar (\$7), and Arclight/The Dome (\$3 for 2 hours with validation from the Food Access LA info booth). The location is accessible via the Metro B Line to Hollywood/Vine station and bus routes 180, 2/302, 210, 217, or 222.

The Watts-Willowbrook Farmers' Market operates as a Certified Farmers' Market. It is held weekly on Wednesdays in surface parking Lot E of the Martin Luther King Jr. Outpatient Center. The market sells fresh fruits, vegetables, baked goods, pantry staples, and specialty items, addressing food insecurity and promoting healthy living. The location provides free surface parking and is accessible via Metro Transit Lines 50, 53, and 120, LADOT Dash Transit Line 5, and The Link - Willowbrook shuttle.

The Compton College Farmers' Market operates as a Certified Farmers' Market. It is held weekly on Wednesdays at Tartar Village, near the Math and Science Building on the Compton College campus. The market sells fresh produce, pantry staples, and prepared foods, addressing food insecurity and supporting community wellness. Parking is available in Lot A for \$3 per day, and the location is accessible via bus routes 60, 141, and 260.

## Site Control

Food Access LA employs a variety of site control methods tailored to each location, including lease agreements, non-exclusive licenses, street closure permits, and special event permits. These mechanisms ensure compliance with local regulations and provide the organization with the necessary operational flexibility to manage its farmers' markets and related activities effectively. This structured approach enables Food Access LA to maintain control over its sites while supporting community engagement and service delivery across multiple locations.

LADF has reviewed all site control documents, including leases, license agreements, street closure permits, and health permits, to ensure that each farmers market complies with regulatory requirements and can operate effectively during the NMTC compliance period.

Below is a listing of the current leases, licenses, and permits by location:

- **HQ Office:** office lease with Riboli Capital Mill, LLC (landlord), dated 10/27/2022, 8-year term, one 5-year extension option
- **LA River FM:** [professional services agreement/special event permit?], initially established on 10/31/2022, extended through 06/30/2024
- **Central Ave FM:** sidewalk closure permit, effective from 07/06/2023 to 06/27/2024
- **Hollywood FM:** street closure permit, effective from 07/07/2024 to 06/29/2025
- **Watts-Willowbrook FM:** non-exclusive license agreement with the County of Los Angeles, commenced on 02/06/2024 with a 2-year term
- **Compton College FM:** license agreement with Compton Community College District, commenced on 08/21/2024 and expires on 06/30/2026

## COMMUNITY AND ECONOMIC BENEFITS

The primary community benefits created by the NMTC transaction are the following (*note that all impacts are measured for the Sponsor's locations that are incorporated into the POB QALICB and receiving NMTC financing*):

<i>Job Creation/Retention:</i>	• Creating:	<b>3.0</b> Permanent FTEs
	• Retaining:	<b>33.6</b> Permanent FTEs
	• Vendors:	Support an estimated 3 jobs per vendor for 225 vendors equating to 675 vendor jobs

## Quality Jobs:

- **96%** of all direct jobs at FALA will pay at or above the City of LA LWO living wages and
- **39%** of all direct jobs at FALA will pay at or above the MIT Living Wage
- **55%** of all direct jobs at FALA are expected to receive benefits such as health, dental, vision, 401k, disability, and/or life insurance.

## Accessible Jobs:

- **60%** of all direct jobs at FALA will be filled by Low-Income Persons
- **48%** of all direct jobs at FALA will be filled by residents of Low-Income Communities
- **77%** of all direct jobs at FALA will be filled by Minorities<sup>1</sup>
- **63%** of all direct jobs at FALA will be filled by individuals without a college degree
- FALA is amenable to identifying new permanent employees through the City of LA's WorkSource Centers.
- **Vendors:** 50% of jobs are filled by Minorities and
- 80% of jobs are accessible to individuals without a college degree

## Commercial Goods/Services to Low-Inc. Communities:

- **Providing access to healthy foods:** Serve approximately 8,000 visitors per week, approximately 51.6% of which are low-income; Support 225-300 unique small-scale agriculture and food and beverage entrepreneurs annually, over 50% of which are BIPOC-owned.
- **Vendor Support and Promotion:** FALA regularly reviews its vendor roster to identify areas where they can assist their vendors, including permitting and licensing, training, and promoting vendors through social media, community partnerships, and industry events. FALA brings in additional vendors to serve its communities based on the needs of each community.

## Community Goods/Services to Low-Inc. Communities:

The NMTC working capital infusion helps ensure the long-term sustainability of the programs below, allowing them to continue running effectively. However, without NMTCs, FALA may need to eliminate the Market Match program. Details about each program discussed below:

- **Market Match:** Dollar match up to \$10 for 22,000 EBT/SNAP participants annually to double their purchasing power at farmers' markets. With the NMTC working capital infusion, FALA expects to maintain the administrative capacity to continue operating this program and will work to increase this to a \$30 match with additional fundraising.
- **Family Nutrition & Title I School Nutrition Programs:** Provide 200 nutrition classes annually to 7,000 participants at farmers' markets, schools, parks, and clinics, 78% of whom are *Low-Income Persons*.
- **Urban Ag:** Support 20 farmers annually by helping them create gardens or become urban business owners, some of whom become farmers' market vendors. Organize events connecting local growers with policymakers and coalition networks for broader impact.
- **Online Ordering Platform (eat!):** Connect customers to the farmers' market and address barriers to access due to limited transportation options, mobility restrictions, or conflicting personal and work commitments during farmers'

<sup>1</sup> "Minority" is defined by the CDFI Fund as an individual who identifies as American Indian or Alaskan Native, Asian, Black or African American, Hispanic or Latino, or Native Hawaiian or Other Pacific Islander.



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market hours. Collaborate with the LA Regional Food Bank and Farms Together for bulk food distribution directly from farmers.

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FALA has three additional locations<sup>1</sup> that are not included in the POB QALICB. While these locations generate jobs and produce community impacts, they are situated outside of NMTC qualifying census tracts which disqualifies them from being included for purposes of NMTC financing or reporting.

The community benefits discussed in this section will be required of the QALICB and Sponsor by way of a Community Benefits Agreement (“CBA”). The CBA will require the QALICB to use commercially reasonable efforts to achieve the impacts. The CBA will include an annual reporting requirement for tracking the quantifiable community impacts. As of the time of this report, the CBA is still under negotiation. If there are any material changes to the CBA, as presented in this memo, during the course of the negotiation, LADF staff will inform the LADF Governing Board of such changes and seek reaffirmation of approval.

## PROJECT TEAM

### QALICB: Food Access LA QALICB (“QALICB”, or “FALA POB”)

The Sponsor will set up a portion of its business (“POB”) as a separate books subsidiary, which will serve as the Qualified Active Low-Income Community Business (“QALICB”) for the NMTC transaction purposes. The POB will not be a separate legal entity but will be a portion of the Sponsor’s existing business that will implement separate operating policies and maintain separate books and records based on income generated from the Project. Specifically, FALA’s headquarter office and five of its eight farmers’ market locations are assigned to the POB (see section entitled “SITE ANALYSIS” above). The POB will be considered a “non-real estate” QALICB for NMTC purposes.

An Agreed-Upon Procedures (“AUP”) report<sup>2</sup> is required for the QALICB. The AUP will outline requirements for the POB to maintain its QALICB status during the 7-year compliance period, including the requirement that during the compliance period the POB maintain at least the minimum percentages (*per the IRC tax code and Treasury Regulation*) of its employees and tangible property within qualifying low-income census tracts similar to the census tracts where the project sites are located at the time of close.

Since this is a newly-designated POB, there are no financial statements to review. The POB will be the beneficiary of the NMTC and direct project financing, which FALA originally solicited.

### Sponsor: Food Access LA (“Sponsor”, or “FALA”)

Food Access LA (“Sponsor”, or “FALA”) is a d/b/a (“doing business as”), or filed Fictitious Business Name, of Sustainable Economic Enterprises of Los Angeles, which is a California not-for-profit corporation established in 1996, with 501(c)(3) nonprofit tax-exempt status under IRS Code. Based in Los Angeles County, FALA operates eight farmers’ markets and provides a range of programs to improve food security, support small-scale entrepreneurs, and promote community well-being. Across its 8 food markets the organization serves

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<sup>1</sup> FALA’s 3 other farmers’ market locations are: (1) Atwater Village – 3528 Larga Ave, Los Angeles, CA 90039; (2) Crenshaw – 5730 Crenshaw Blvd, Los Angeles, CA 90043; and (3) Echo Park – 1146 Logan St, Los Angeles, CA 90026.

<sup>2</sup> Agreed-Upon Procedures engagements are carried out by auditors to report factual findings, which in an NMTC transaction relates to the nature of the business of the QALICB and its compliance with NMTC regulation. Compliance is determined for the QALICB as of the closing date, and expectations for compliance during the seven-year NMTC compliance period.

approximately 10,000 visitors weekly, 45% of whom are low-income, and supports 320–400 vendors annually, generating over \$13.5 million in gross sales for its vendors, who retain \$0.88–\$0.92 per dollar spent at their stalls.

The organization’s funding structure is multifaceted, with revenue generated from market operations, including its flagship Hollywood and Atwater Village farmers’ markets, as well as from government grants, private philanthropic contributions, and Covid-19 relief funding secured since 2020. However, the Covid-19 relief dollars, which have been a critical source of financial stability, are anticipated to be fully expended by the conclusion of fiscal year 2025. Recognizing the urgency to address this impending shortfall, FALA is actively pursuing diversified funding streams to bridge the interim financial gap. Simultaneously, the organization is undertaking strategic efforts to retool and enhance the operational efficiency of its farmers’ markets to achieve long-term financial sustainability and continued service delivery to the community.

FALA is led by a diverse and accomplished Board of Directors and Officers, representing expertise across industries such as finance, entertainment, culinary arts, and corporate strategy. Key Board Members include:

- Danielle Forbes (**Chair**): Counsel at Writers Guild of America West, Inc.
- Armand Dawkins (**Secretary**): CFO at Socialive.
- Miranda Rodriguez (**Treasurer**): Vice President of Strategy and Operations at The Center by Lendistry.
- DeMille Halliburton: Principal at EPIC Entertainment & Sports.
- Minh Phan: Chef-Owner of porridge + puffs.
- Benny Tran: EVP of Corporate Strategy at LA Football Club.
- Jalen Marable: JPMorgan Chase & Co.
- Elise Pearlstein: EVP at This Machine.

## FINANCIAL STATEMENT ANALYSIS

LADF has reviewed FALA's audited financial statements for the fiscal years 2021-2023 (*ending June 30 of each year*) and has also reviewed the unaudited financial statements for the period from July 1, 2024 to September 30, 2024. The analysis reveals that FALA's primary sources of revenue stem from a combination of federal and state grants, farmers’ market fees, private fundraising, and corporate and foundation grants.

The financial performance of FALA over the observed period shows net incomes/(losses) of (\$0.7 million) for 2021, (\$0.2 million) for 2022, (\$0.3 million) for 2023, and \$0.2 million for the first three months of its fiscal year 2024. Please see table below for FALA’s financial positions. Total Assets include everything of monetary value owned by FALA, such as cash reserves, fixed assets like equipment, and operating lease assets. Other components may include prepaid expenses, or deposits.

Fiscal Year (ending Jun. 30)	Cash Reserves (in millions)	Total Assets (in millions)	Notes
<b>FY 2021</b>	\$0.8	\$1.2	Cash reserves declined; total assets include cash and equipment.
<b>FY 2022</b>	\$0.5	\$1.1	Further decline in cash reserves; slight reduction in total assets.
<b>FY 2023</b>	\$0.5	\$1.8	Total assets increased due to accounting adjustment for operating lease; cash reserves unchanged.
<b>Partial Year 7/1/24 – 9/30/24</b>	\$1.3	\$2.3	Sharp increase in cash reserves due to \$500,000 food distribution grant; grant to sunset in 2025.



FALA's financial statements indicate a decline in operational performance for the organization, which is why it intends to invest a large portion of the NMTC financing towards marketing and fundraising efforts (*see section entitled "PROJECT DESCRIPTION"*). Currently, FALA only holds a single long-term debt obligation of \$20,000, which presents no concern for its debt service coverage during the 7-year NMTC Compliance Period.

## Leverage Lender and Guarantor: Friends of Food Access LA ("Friends of FALA")

Friends of Food Access LA, a nonprofit supporting corporation incorporated on October 15, 2024 (*nonprofit status pending*), operates in Los Angeles County. Friends of FALA has been established to serve as the leverage lender. Given that our Qualified Active Low-Income Community Business is a POB of FALA, it is not permissible for FALA to fulfill the role of leverage lender as well. FALA is recognized under Section 501(c)(3) of the IRS Code, and Friends of FALA is a controlled supporting organization of FALA as defined in Section 509(a)(3) of the Code. It will act as the Leverage Lender and Guarantor for this transaction, with all guarantees and indemnities backed by FALA due to their affiliation. Friends of FALA is newly established so has no financial reports for review.

## PROJECT FEASIBILITY

### Financial Feasibility

SOURCES		USES	
<b><u>Sponsor Sources</u></b>		<b><u>Project Development Uses</u></b>	
- USB 1-Day Bridge ( <i>reimb of prior-inc WC</i> ):	8,550,000	Prior-Incurred Working Capital	8,950,000
- FALA Donation of Prior-Inc WC ( <i>not reimb</i> ):	400,000	Post-Closing Working Capital	2,714,012
- FALA Donation ( <i>at NMTC Closing</i> ):	50,000	<b>Sub-Total</b>	<b>\$11,664,012</b>
- FALA Donation ( <i>Post-Closing, for reserves</i> ):	482,713		
	<b>-----</b>		
<b>Sponsor Sources</b>	<b>\$9,482,713</b>	<b><u>Financing-Related Uses</u></b>	
		- Interest Expense ( <i>net of reserves</i> ):	3,351
		<b><u>NMTC Closing Costs</u></b>	
		- Pre-Incurred Clsg Costs (<24 mos):	0
<b><u>NMTC Investor Equity</u></b>		- Legal/Acctg./Consulting Fees:	577,500
- NMTC Equity ( <b>LADF QEI</b> ):	1,872,000	- <b>LADF CDE</b> Placement Fee:	120,000
- NMTC Equity (Genesis QEI):	2,028,000	- Other CDE Upfront Fees/Expenses:	195,000
	<b>-----</b>	- Inv. Fund Fees:	0
<b>NMTC Sources</b>	<b>\$3,900,000</b>	<b><u>NMTC Reserves</u></b>	
		- <b>LADF</b> Asset Mgmt. Fee Reserve:	315,000
		- <b>LADF</b> Expense Reserve:	64,000
		- Other CDE Fee/Exp. Reserves:	443,850
		<b>Sub-Total</b>	<b>\$1,718,701</b>
			<b>-----</b>
<b>Total Project Sources</b>	<b>\$13,382,713</b>	<b>Total Project Uses</b>	<b>\$13,382,713</b>

### **NMTC PROJECT PRO FORMA**

The total project cost is estimated to be \$13.38 million, \$12.5 million of which will be leveraged through the NMTC structure to make \$12.305 million in Qualified Low-Income Community Investment ("**QLICI**") loans to the Project. The QLICI funds will be disbursed as follows at closing:

- \$8.55 million – Reimbursement of pre-closing working capital costs incurred within the last 24 months.

- \$0.70 million – Pay NMTC and Other Closing Costs.
- \$0.34 million – Fund the CDE-Controlled Fee and Expense Reserve Accounts
- \$2.71 million – Fund the CDE-Controlled Disbursement Account (*all of this amount to-be-disbursed for future spend of working capital costs, quarterly based on FALA's anticipated working capital expenses*)

NMTC-related reserves will total \$822,850 and be held for the payment of asset management fees and expense reimbursements to the Sub-CDEs. Of this total reserve, \$340,137 will be held by the POB QALICB (*funded at NMTC closing*) and \$482,713 will be donated post-closing in 2026 to the Leverage Lender to establish the remainder of the reserves. After FALA expends \$2.2 million of the \$2.7 million NMTC proceeds in the CDE-Controlled disbursement account towards its working capital needs, it will maintain a \$482,713 balance in the disbursement account until that amount is donated to the Leverage Lender to establish the remainder of the reserves. The Sub-CDEs will require that their ongoing fees and expense reimbursements for the entire NMTC Compliance Period be held in separate reserve accounts, with \$379,000 eventually held in accounts pledged to LADF. Of the LADF reserve amount, \$159,000 will be held by the POB QALICB (*funded at NMTC closing*) and \$220,000 will be donated post-closing in 2026 to the Leverage Lender to establish the remainder of LADF's reserve.

At NMTC Closing, after funding of the QLICIs, the Sponsor will receive a \$8.55 million reimbursement from the POB QALICB for working capital costs incurred within the prior 24 months (*CohnReznick will be providing an AUP report to LADF confirming the eligibility of these costs, as discussed in the section entitled "NMTC ELIGIBILITY AND COMPLIANCE"*). The total amount of prior costs incurred by the Sponsor was \$8.95 million, so upon reimbursement from the QALICB the amount remaining of the Sponsor's contribution to the POB QALICB will be \$0.4 million.

#### OPERATING PRO FORMA

The project's operating revenues will consist of unrestricted revenue, primarily from grants and donations, as well as market revenues (*fees and sales*) of the five farmers' markets allocated to the POB QALICB. The projected revenues of the POB QALICB will range from \$3.4 million to \$5.3 million annually during the NMTC compliance period. While it is projected that the POB QALICB will generate net operating losses in the first three years (*consistent with FALA's operating performance in the prior three years*), the losses are anticipated to shrink in that time and will be covered by the NMTC financing. Starting in year 4 and going forward, the POB is projected to generate profits as a result of the investments that will be made in marketing and fundraising utilizing the NMTC financing. Also starting in year 4, when the POB begins to generate net profits, the QALICB's debt service coverage ratio is estimated to be at 1.28x and grows to 4.60x by the end of the NMTC compliance period, according to the current financial projections.

LADF has reviewed the Sponsor's financial statements and projections for the project-related operations. This analysis can be found in the section entitled "PROJECT TEAM".

#### Project Timeline

The following list represents the milestone items and the project's completion and expected completion dates (*as of November 2024*):

- November 7, 2024: NMTC Closing Calls Kickoff
- December 17, 2024: **NMTC Transaction Close**
- January 2025: Project commencement, beginning its delivery of community benefits

## FINANCING PARTNERS

The project-level costs of the QALICB will be funded in whole by the QLICI loans, Sponsor cash-on-hand at NMTC closing, and Sponsor cash post-closing (*for NMTC reserve replenishment*). The financing parties to the NMTC structure will include one NMTC Investor at the upper tier, as well as two NMTC allocatees, or Community Development Entities (“CDEs”), making the QLICI loans to the project through their Subsidiary CDEs (“Sub-CDEs”) at the lower tier.

### NMTC Investor

US Bancorp Community Development Corporation (“Investor”, or “USBCDC”) is the NMTC Investor that will provide the equity contribution to the Investment Fund. USBCDC finances affordable housing and community development projects and provides various financial services. The company was incorporated in 2002, is based in St. Louis, Missouri, and operates as a subsidiary of US Bank.

LADF has closed ten previous transactions with USBCDC as an investor. The transactions were for the Discovery Science Center of Los Angeles (*December 2012*), La Kretz Innovation Campus (*September 2013*), LA Prep/Kitchen (*March 2014*), Heart of Los Angeles – First Tranche (*September 2017*), Joshua House Health Center (*December 2017*), Budokan L.A. (*March 2018*), Heart of Los Angeles – Second Tranche (*May 2020*), Shakespeare Center of Los Angeles (*August 2023*), First Street North (*December 2023*) and Jessie Lord Bakery (*January 2024*).

### CDE Lenders

The Transaction will include two CDE allocatees providing NMTC allocation and making QLICI loans to the project through their Sub-CDE special purpose entities. The following table lists the CDE allocatees, along with their Sub-CDEs, and the Qualified Equity Investment (“QEI”) associated with their NMTC allocations:

CDE Allocatee	Sub-CDE	Sub-Allocation Amount
Los Angeles Development Fund	LADF XXXIII, LLC	\$6,000,000
Genesis LA CDE LLC	GLA Sub-CDE XXXV, LLC	\$6,500,000
<b>Total NMTC Allocation</b>		<b>\$12,500,000</b>

### GENESIS LA CDE LLC

Genesis LA CDE LLC (“Genesis”) is a certified CDE and CDFI located in Los Angeles, California. It has received 11 NMTC allocations totaling \$535 million as follows: 2005/\$80mm, 2006/\$50mm, 2009/\$40mm, 2013/\$20mm, 2014/\$30mm, 2015-2016/\$45mm, 2018/\$55mm, 2020/\$55mm, 2021/\$50mm, 2022/\$60mm and 2023/\$50mm. Genesis was established in 1998 to advance economic opportunity in Los Angeles County. The organization uses these allocations to invest in community facilities, commercial, and mixed-use real estate projects that deliver programs, goods, services, and quality jobs to the county’s low-income communities. Its local service area covers Los Angeles County, California. This will be the 11<sup>th</sup> transaction that LADF has closed with Genesis as a partner CDE. LADF co-invested NMTC allocation with Genesis in the One Santa Fe retail and office project (*December 2011*), Anita May Rosenstein Campus / LGBT Center community facility project (*June 2017*), Jordan Downs (*June 2018*), Children’s Institute Watts Campus project (*January 2020*), URM Angeles House (*March 2020*), Hollywood Arts Collective and Career Center (*February 2022*), Vermont Manchester (*June 2022*), California Science Center (*April 2023*), First Street North (*January 2024*), Hollywood Arts Collective and Career Center – Phase II (*March 2024*), and Project Angel Food (*March 2024*).

## FINANCING STRUCTURE

The project’s total project cost will be funded by the \$12.5 million QEI generated through the NMTC leverage structure to the QALICB, \$55,000 Sponsor cash-on-hand at NMTC closing, and \$482,713 Sponsor cash post-NMTC

closing (*for NMTC reserve replenishment*). For a full diagram showing the flow of funds at closing, please refer to [Exhibit A](#).

The Leverage Lender's \$8.6 million for the NMTC leverage loan will be fully advanced prior to, or at, closing of the NMTC transaction. The Leverage Lender's sources for making the leverage loan will be: (1) \$8.55 million donation from Sponsor (*obtained by 1-day bridge equity provided by US Bank*) and (2) \$55,000 donation from Sponsor (*cash-on-hand*). Please see the section entitled "PROJECT TEAM" for further discussion about the financial capacity of the Sponsor.

## NMTC Financing

There will be one investment fund established for the NMTC transaction. US Bank will be the NMTC Investor Member and own 100% of the investment fund. The equity contribution at the upper tier by US Bank will total \$3.9 million. In exchange, US Bank will receive \$4.875 million in tax credits that will be generated through the Fund (*39% of the total \$12.5 million QEI*). This exchange of equity for tax credits reflects a pricing of \$0.80 per tax credit dollar for QEIs associated with SubCDEs allocations.

The \$8.6 million leverage loan provided to the investment fund by the Leverage Lender will be interest-only for eight years during (*and beyond*) the NMTC compliance period and bear an interest rate of 1.00%. After the end of the interest-only period, the self-leverage loan will amortize over the following 17 years.

US Bank's tax credit equity contributions combined with the leveraged loan will be used to capitalize the investment fund with \$12.5 million in total. Upon closing of the NMTC transaction, the investment fund will use its capital to make \$12.5 million in total QEIs to the two Sub-CDEs.

In exchange for its contribution, the investment fund will receive a 99.99% membership share in the Sub-CDEs. The Sub-CDEs will use the contributed capital to make QLICIs to the QALICB totaling \$12.5 million.

With regards to LADF's Sub-CDE, LADF Management, Inc. (LADF's subsidiary entity) will contribute \$600 to capitalize the LADF Sub-CDE and own 0.01% share in the LADF Sub-CDE. LADF will earn \$45,000 in annual income related to asset management services it provides on behalf of the Sub-CDE.

LADF's Sub-CDE will provide two QLICI notes – matching one with the leverage loan ("**A note**") and the other with the NMTC equity component ("**B note**"). The A notes will have interest rates of 1.066% and 31-year terms with interest-only payments for the first eight years during the NMTC compliance period. The B notes will have the same loan terms as the A notes.

If there should be a return of capital during the seven-year NMTC compliance period, capital will be redeployed as follows:

1. Genesis Sub-CDE – first \$6.5 million of capital redeployment
2. LADF Sub-CDE – next \$6 million of capital redeployment

Upon a return of capital during the seven-year NMTC compliance period, a CDE has 12-months to redeploy the capital in a qualifying NMTC project or it becomes a "Recapture Event" and triggers a loss of the tax credits as well as penalties for the Investor. As in its other NMTC investments, LADF will have nine months to work with US Bank to identify for reinvestment a project within the City of Los Angeles that is acceptable to both entities; thereafter US Bank can remove LADF Management, Inc. as managing member of LADF XXXIII, LLC and choose an investment without LADF's input. However, it must still be within Los Angeles County per LADF's 2022 Allocation Agreement. With US Bank's strong presence in the City of Los Angeles, and LADF's close relations with City partners, it is expected that nine months should be sufficient time to identify an alternative investment acceptable to both.

## PROJECT READINESS

The project is expected to be ready for NMTC closing by December 17, 2024, prior to the CDFI Fund's April 27th, 2024 threshold deadline under the 2024-2025 NMTC Application requirements for investing certain percentages of prior NMTC Allocations. Pursuant to LADF's policies and procedures, the readiness of the project is determined as follows:

- *Control of Site:* Completed (*lease, permits, and licenses have been reviewed by LADF*)
- *Financing Commitments:* Term sheets issued by US Bank (*as NMTC Investor*), LADF (*as NMTC Allocatee*), and Genesis LA (*as NMTC Allocatee*).
- *Outstanding 3<sup>rd</sup> Party Issues:* None
- *Entitlement Process:* Not Applicable / NMTC Financing is for Working Capital
- *Design/Pre-Development:* Not Applicable / NMTC Financing is for Working Capital
- *Working Drawings:* Not Applicable / NMTC Financing is for Working Capital
- *Value Engineering:* Not Applicable / NMTC Financing is for Working Capital
- *Permits (RTI):* Not Applicable / NMTC Financing is for Working Capital
- *Tenant Leases:* Not Applicable / NMTC Financing is for Working Capital
- *GMP Construction Contract:* Not Applicable / NMTC Financing is for Working Capital

## NMTC ELIGIBILITY AND COMPLIANCE

Based on the CDFI Fund's GeoCode Report for the subject sites (*6 in total*), LADF has determined that the sites are located in Qualified Census Tracts based on the following eligibility measure(s) under the 2016-2020 American Community Survey data:

Project Location	Census Tract No.	Tract Population	Poverty Rate (greater than 20%?)	% of Metro AMI (less than 80%?)
Headquarter Office	06037206010	3,966	29.6%	43.98%
LA River Farmers' Market	06037206010	3,966	29.6%	43.98%
Central Ave Farmers' Market	06037228600	5,041	31.1%	53.63%
Hollywood Farmers' Market	06037190701	1,693	37.2%	72.53%
Watt-Willowbrook Farmers' Market	06037540700	3,169	12.1%	66.82%
Compton College Farmers' Market	06037542402	3,790	6.7%	79.96%

Further, the sites qualify under Section 3.2(h) of LADF's 2022 Allocation Agreement as Targeted Distressed Communities based on these measures:

Project Location	Census Tract No.	Poverty Rate (greater than 30%?)	% of Metro AMI (less than 60%?)	Unemployment Ratio to Nat'l Unemp. (greater than 1.5x?)
Headquarter Office	06037206010	29.6%	43.98%	2.56x
LA River Farmers' Market	06037206010	29.6%	43.98%	2.56x
Central Ave Farmers' Market	06037228600	31.1%	53.63%	1.59x
Hollywood Farmers' Market	06037190701	37.2%	72.53%	1.44x
Watt-Willowbrook Farmers' Market	06037540700	12.1%	66.82%	2.04x
Compton College Farmers' Market	06037542402	6.7%	79.96%	1.65x

## QALICB Analysis



The QALICB in the transaction will be a portion of the business (“**POB**”) of the Sponsor, FALA. LADF has required that an AUP report be provided for the transaction affirming that the POB will satisfy the requirements for a QALICB at closing of the transaction, and also provide reasonable expectations that the POB will remain a QALICB through the end of the 7-year NMTC compliance period. The QALICB will be considered a business engaged in “Non-Real Estate Activities”, as defined by LADF’s 2022 Allocation Agreement, because the QLICIs made are for working capital, inventory or equipment purchase.

The QALICB will meet the Non-Qualified Financial Property (“**NQFP**”) Test and 100% of the QLICI proceeds will be expended within 18 months of closing. The NQFP test requires that less than 5% of the average of the annual aggregate unadjusted basis of the property held by the QALICB is attributable to NQFP which includes debt, stock, etc. The transaction will be structured to pass the NQFP test.

Since 100% of the tangible property of the QALICB will be within a qualifying Low-Income Community (“**LIC**”) census tract, the Tangible Property, Services Performed, and Gross Income Tests are all satisfied. In addition, less than 50% of the QALICB will be controlled by any entity having an interest in any Sub-CDEs, so there is no Related Party entity issue.

#### LADF 2022 Allocation Agreement Compliance

This transaction will use \$6 million in allocation from LADF’s 2022 Allocation award from the CDFI Fund. With the closing of this transaction, the 2022 Allocation award will be 42% invested.

LADF has determined that the transaction complies with the authorized uses of its NMTC allocation under Section 3.2 of its 2022 Allocation Agreement, evident through the following characteristics of the transaction:

- §3.2(a) – LADF’s allocation will be used to make a loan to a QALICB
- §3.2(b) – Project is located in the County of Los Angeles
- §3.2(c) – LADF XXXIII, LLC is a listed Subsidiary Allocatee in Schedule I of the Allocation Agreement
- §3.2(d) – QALICB is controlled 100% by persons unrelated to LADF
- §3.2(f) – LADF’s QLICI provides flexible terms (*discussed below*)
- §3.2(h) – The subject site is located in a Targeted Distressed Community (*discussed above*)
- §3.2(j) – 100% of QEI will be passed down as a QLICI
- §3.2(l) – Project is located in the State of California (*one of the “Identified States”*)

Section 3.2(g) (*Non-Metropolitan Counties*) and 3.2(i) (*Loan Purchases Reinvestment*) are marked “Not Applicable” in LADF’s 2022 Allocation Agreement.

Section 3.2(k) (*Affordable Housing*) in LADF’s 2022 Allocation Agreement requires that “Allocatee shall ensure that at least 20 percent of the housing units developed or rehabilitated as a result of its QLICIs shall be affordable to Low-Income Persons”, however, the Project does not include any housing units, so LADF will maintain compliance with Section 3.2(k).

As the transaction relates to Section 3.2(f) (*Flexible Products*) of the Allocation Agreements, LADF must comply with the following:

“All of the Allocatee’s QLICIs must (a) be equity or equity-equivalent financing, (b) have interest rates that are 50 percent lower than either the prevailing market rates for the particular product or lower than the Allocatee’s current offerings

for the particular product, or (c) satisfy at least 5 of the indicia of flexible or non-traditional rates and terms, as listed in Section 3.2(f)<sup>1</sup>.”

LADF’s QLICI notes bear interest rates of 1.066% and satisfy part (b) of this paragraph. To support compliance with this provision, LADF will obtain a standard lending rates and terms letter from US Bank. The current draft of this letter indicates that the market interest rate for the transaction would be around 8.50% for note A and around 15.0% for note B as subordinate debt, over two-times greater than LADF’s QLICI interest rate.

### LADF 2022 Allocation Application Compliance

In its 2022 NMTC Allocation Application, LADF indicated on question 13(b)(i) that it would invest 20% of any allocation award toward “Non-Real Estate Activities”. LADF staff consulted Ariel Ventures regarding compliance with the 2022 NMTC Allocation Application, specifically about exceeding the 20% projection for Non-Real Estate (NRE) activities stated in the application. Ariel Ventures confirmed that the 20% projection is not a hard cap, and the CDFI Fund does not enforce it as a limit but advised LADF not to exceed 50% for NRE activities to align with compliance expectations. While there are no minimum requirements for NRE activities under the Innovative Investments category (*Section 3.2(l) of LADF’s 2022 Allocation Agreement*), financing such projects must align with activities presented in LADF’s application. Currently, LADF has invested \$8 million of its 2022 Allocation into NRE activities, which is related to the Jessie Lord Bakery transaction closed in January 2024. With an additional \$6 million invested in the FALA transaction, the total amount that LADF will have invested in NRE activities with its 2022 Allocation will be 28%.

Additionally, to maintain compliance and avoid recapture of NMTC funds, it is essential that FALA maintains at least one active project location in a qualifying census tract, highlighting the importance of ensuring Food Access LA’s continued operations to sustain compliance and achieve anticipated community benefits.

### Reimbursement of Costs

As part of guidance published by the CDFI Fund in December 2015 a new provision, Section 3.3(j), was incorporated into all allocation agreements after that time pertaining to monetizing existing assets in NMTC transactions. Section 3.3(j) of the 2022 Allocation Agreement reads as follows:

The Allocatee shall not make a QLICI in a QALICB where such QLICI proceeds are used, in whole or in part, to repay or refinance expenditures incurred by a debt or equity provider whose capital was used to fund the QEI, or are used to repay or refinance expenditures incurred by any Affiliate of such a debt or equity provider, except where:

- (i) the QLICI proceeds are used to repay or refinance documented reasonable expenditures of the debt or equity provider (or its Affiliate), that are directly attributable to the qualified business of the QALICB, and such expenditures were incurred no more than 24 months prior to the QLICI closing date; or
- (ii) no more than 5 percent of the QLICI proceeds are used to repay or refinance documented reasonable expenditures of the debt or equity provider (or its Affiliate) that are directly attributable to the qualified business of the QALICB.

LADF’s QLICI will comply with Section 3.3(j)(i) since none of the QLICI proceeds will be used to reimburse any costs incurred by the Sponsor prior to the 24-month period ending on the NMTC closing. An AUP will be provided

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<sup>1</sup> Flexible or non-traditional rates and terms listed in Section 3.2(f) include: (i) Below market interest rates; (ii) Lower than standard origination fees; (iii) A longer than standard period of interest only loan payments; (iv) Higher than standard loan to value ratio; (v) A longer than standard amortization period; (vi) More flexible borrower credit standards; (vii) Nontraditional forms of collateral; (viii) Lower than standard debt service coverage ratio; or (ix) Subordination.

by CohnReznick LLP, the accounting firm also producing the financial projections for the NMTC transaction, to confirm this.

For purposes of producing the cost AUP, and considering the high volume of invoices making up FALA's expenses in the prior 24 months, the project team proposes the review of invoices be limited in scope to the following: (1) all payroll and healthcare-related expenses for the past 24 months, (2) all invoices exceeding \$20,000, and (3) a random sampling of 200 expenses from the remaining 1,200 invoices. This approach has been reviewed and agreed upon by Genesis LA, LADF, and CohnReznick LLP. While this methodology is not a usual practice for LADF, it is a standard approach for CohnReznick LLP in scenarios involving a high volume of invoices with relatively small amounts. CohnReznick LLP employs this strategy regularly to ensure both efficiency and thoroughness in their review processes.

### **DEMONSTRATED NEED FOR NMTC FINANCING ("BUT FOR" TEST)**

The equity generated through the NMTC structure will provide an estimated \$2.18 million in subsidy (*net of NMTC closing costs, placement/origination fees, management fees, and on-going expenses*) to the Project, approximately 17.45% of the \$12.5 million QEI in the transaction and 16.30% of the \$13.4 million total project cost.

FALA urgently requires additional working capital to maintain operations; without it, two of its long-standing markets in South Los Angeles, serving the community for 16 and 20 years respectively, will be forced to close before year-end. The organization is unable to qualify for traditional debt, and the COVID relief funds that previously enabled program expansion and greater reach to low-income individuals and vendors are nearing depletion. The NMTC financing will allow FALA to keep all its markets open, scale all locations to sustainable levels, continue the vital EBT match program (*which increases food access for low-income individuals while supporting vendors*), and further expand its healthy food and vendor support initiatives. This funding is critical to preserving the organization's impact and ensuring its markets continue to serve as vital community resources.

### **COLLATERAL AND GUARANTEES**

The LADF's QLICI loans will be secured by the following security instruments:

- Security interest in the disbursement and reserve accounts (*totaling \$3.1 million at NMTC Closing*); and
- Additional security for the QLICI loans will consist of guaranties from the Sponsor and the Leverage Lender.

The Sponsor and Leverage Lender (*newly formed nonprofit and supporting organization of the Sponsor*) will provide an indemnity to the Investor for reimbursement of lost tax credits and losses related to loss of tax credits. To cure any default under the QLICI loan agreement, LADF would exhaust its remedies against the Sponsor before it could pursue remedies under the Leverage Lender's guaranties provided.

### **LOAN REPAYMENT ANALYSIS/EXIT STRATEGY**

At the end of the seven-year NMTC compliance period, the transaction contemplates an unwinding on the financing structure. The LADF Sub-CDE will distribute the QLICI notes to the investment fund. Additionally, the QLICI B Note, which is tied to the NMTC Investor's equity amount, may be forgiven at the end of the compliance period by way of an option agreement described below.

A Put-Call Option Agreement will be entered into by the Leverage Lender (*a newly formed nonprofit and supporting organization of FALA*) and US Bank (*as the Investor*) at NMTC Closing. US Bank may exercise its put option and sell its respective interest in the Fund to the Leverage Lender for \$1,000. If US Bank chooses not to exercise its put



option, the Sponsor may exercise its call option. Upon exercising of either put or call option by the respective parties, the Sponsor would own all the debt associated with the proposed transaction.

## RISKS AND MITIGANTS

There will be limited credit and recapture risk. All significant NMTC compliance issues have been or will be addressed. The QALICB is an eligible entity, the project is located in an eligible highly distressed census tract, LADF's Sub-CDE is certified, there are no related party issues, and the transaction has been structured to meet the Substantially-All Test.

### *RISK: VIABILITY OF FARMERS' MARKETS*

There is a risk that some farmers' markets operated by FALA, particularly those within the POB QALICB, may face closure during (*or after*) the 7-year NMTC compliance period. These markets will rely on the NMTC subsidy to sustain operations, but their continued viability is uncertain once this financial support ends. If these markets close, it could undermine the anticipated long-term community impacts and the organization's operational stability.

To address the compliance risk posed by market closures, FALA is expected to maintain its headquarters office, which is critical to its overall operations, as well as the Hollywood Farmers' Market (*a highly successful market allocated to the POB QALICB*). Both the Hollywood market and the headquarters are located within qualifying NMTC census tracts. The Hollywood Farmers' Market has demonstrated strong financial and operational performance and is anticipated to remain operational through the NMTC compliance period, ensuring that a QALICB will continue to operate within an eligible census tract.

To address the risk of maintain community impacts during (*and after*) the NMTC compliance period, FALA has developed a robust plan to increase its fundraising efforts using the NMTC subsidy, aiming to build a more sustainable financial foundation for its operations. This strategy includes diversifying revenue streams, enhancing donor engagement, and retooling market operations for greater efficiency, all of which are expected to help keep the farmers' markets open and deliver the projected community benefits even after the NMTC compliance period.

By leveraging the successful Hollywood Market and implementing a strategic fundraising plan, FALA mitigates the risk of market closures, supporting both compliance with NMTC requirements and long-term community impact.

### *RISK: GENERAL*

The QALICB, Sponsor, and LADF have taken and will take measures to prevent a Recapture Event. Such measures include:

- LADF has engaged Ariel Ventures for compliance services and obtained a license for its specially designed compliance software to assure that all required reporting to the CDFI Fund is completed in a timely manner.
- No principal amortization or prepayment will be allowed during the seven-year NMTC compliance period. This will prevent putting the project in violation of the Substantially All Test, which states that 85% of the QEI must be continuously invested in QLICs during the 7-year NMTC compliance period.
- The transaction will be structured to ensure that up-streamed distributions of cash flow cannot be interpreted as redemption of capital (*i.e. a return of equity*). While return of equity to the NMTC Investor Member is not permitted, return on equity is permitted. Therefore, all cash flow up-streamed to the NMTC Investor would be structured as return on equity and would be recognized as income. If there is a return of capital, LADF is second in the waterfall (after *Genesis Sub-CDE*) and would receive a return of capital only after \$6.5 million was returned to the CDE lenders.

- To reduce the risk of QEI being returned due to bankruptcy or site closures during the seven-year NMTC compliance period, FALA's Hollywood Farmers' Market generates sufficient profits to support its operations, sustain other POB QALICB locations, and maintain headquarters stability, ensuring compliance even if other markets are unprofitable.
- Transaction documentation includes legal opinions confirming that all aspects of the transaction comply with NMTC regulations, mitigating the risk of general recapture.

## LADF FEE LOAD AND RESERVES

The LADF will receive the following fees from the transaction:

- Placement Fee – 2% of QEI (equates to \$120,000). LADF will receive fee in lump sum at closing.
- CDE Servicing & Compliance Fee – 0.75% of QEI per year for \$6 million of 2022 allocation
  - This equates to \$315,000 (annual installments of \$45,000 paid out of QLICI interest received for 7 years)
- CDE Expense Reimbursements – estimated at \$8,000 annually per CDE for 8 years (equates to \$64,000). QALICB will be responsible for paying all ongoing costs incurred by the Sub-CDE related to the transaction, which will consist primarily of administrative and tax expenses. The amount is lower than other NMTC deals because U.S. Bank waived the audit requirement for the Sub-CDE.

All of LADF's CDE Servicing and Compliance Fees and Expense Reimbursements for the entire NMTC Compliance Period, which totals \$379,000, will eventually be placed in separate, controlled reserve accounts held by the POB QALICB and the Leverage Lender. Of the total reserve requirement, \$159,000 will be placed into reserve by the POB QALICB at close of the transaction and \$220,000 will be reserved within the disbursement account until FALA deposits \$220,000 into the LADF-controlled reserve account established in the name of the Leverage Lender. If LADF's CDE Expense Reimbursements amount to more than \$8,000 in any given year during the Compliance Period, then \$8,000 will be paid out of the reserve account and the QALICB will be responsible to pay for the overage.

## POLICY EXCEPTIONS

LADF's standard practice focuses exclusively on real estate loans, however there is a growing need for working capital financing in the market by essential providers of goods and services in disadvantaged low-income communities. Recent data indicates that working capital transactions currently constitute 20% of loan portfolios at leading financial institutions, including major players like US Bank. Recognizing the strategic importance and significant community benefits of FALA's proposal, LADF has evaluated this case thoroughly and has decided to approve a policy exception for this project.

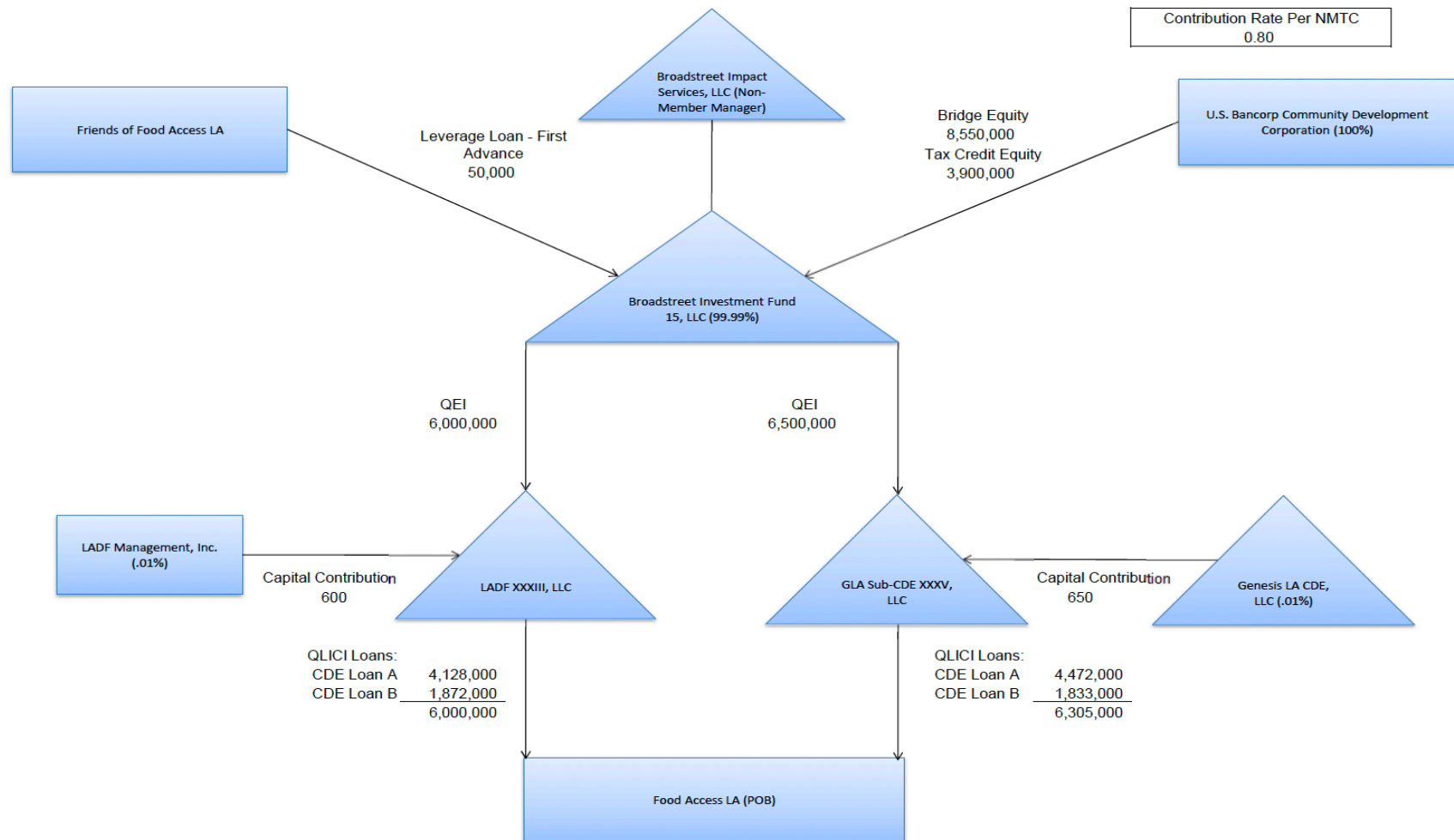
## RECOMMENDATION

Approval of this funding request is recommended based on the project's feasibility, readiness, and community benefits.

## ATTACHMENTS

EXHIBIT A: Food Access LA Flow of Funds (*as of November 21, 2024 – Final Projections Pending*)

## EXHIBIT A: Food Access LA Flow of Funds (as of November 21, 2024 – Final Projections Pending)



Note: Sustainable Economic Enterprises of Los Angeles doing business as Food Access LA.