

ECONOMIC DEVELOPMENT AND JOBS COMMITTEE REPORT relative the successor recipient for the 2005 US Economic Development Administration (EDA) Sub-Award (07-19-62011.33); City Community Development Block Grant (CDBG) Service Payback Loan (Contract No. C-109876); and transfer of ownership of the property located at 13168 AND 13172 Van Nuys Boulevard in Pacoima.

Recommendations for Council action:

1. APPROVE the transfer of EDA sub-award 07-19-62011.33 responsibilities to Initiating Change in Our Neighborhoods (ICON) to continue to carry out the original intent of the EDA grant to provide community-based financial services.
2. APPROVE the transfer of ownership of property located at 13168 and 13172 Van Nuys Boulevard, Pacoima, to ICON.
3. APPROVE the assignment of the City's Community Development Block Grant service payback loan agreement to ICON, with an extended covenant period to provide community financial services through September 30, 2035.
4. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD) to work with the EDA and bankruptcy court to prepare and execute all documents necessary to carry out the transfer of the EDA sub-award responsibilities, property transfer, and the assignment of the CDBG loan agreement to the successor recipient.

Fiscal Impact Statement: The EWDD reports that there is no impact to the General Fund.

Community Impact Statement: None submitted.

Summary:

On June 8, 2021, your Committee considered a May 19, 2021 EWDD report relative to the successor recipient for the 2005 US EDA Sub-Award (07-19-62011.33); CDBG Service Payback Loan (Contract No. C-109876); and transfer of ownership of the property located at 13168 AND 13172 Van Nuys Boulevard in Pacoima. According to the EWDD, in 2005, the Valley Economic Development Corporation (VEDC), acquired the subject property located at 13168 and 13172 Van Nuys Boulevard, in Pacoima, using a City of Los Angeles sub-award grant from the US EDA totaling \$953,382 and a CDBG service payback loan of \$816,768, for a total project cost of \$1,770,150, in order to provide community-based financial services to the Pacoima area . The EDA sub-award was recorded on September 15, 2005 with a 20 year term that terminates on September 15, 2025. The CDBG assistance was provided under separate terms of the EDA sub-award. It requires that services be provided through June 2027. VEDC filed for bankruptcy in 2019 and is currently working with the EDA for the potential disposition of the subject

property. The EDA is seeking to transfer the property and sub-award responsibilities to another eligible recipient who can continue to carry out the original intent of the grant through the 20-year useful life of the property, expiring in September 2025. To that end, EDA identified three potential new recipients: 1-Economic Resources Corporation (ERC); 2- Gain Federal Credit Union (GAIN); and 3-Initiating Change in Our Neighborhoods (ICON). The EWDD concurs with EDA's recourse of transferring sub-award responsibilities and property to a new recipient to continue the provision of community financial services to Pacoima and surrounding neighborhoods. EWDD staff has reviewed the proposals submitted by the three potential successor entities, and through this report is recommending the selection of ICON as the successor sub-award recipient. The transfer is subject to bankruptcy court approval. If approved, ICON would be required to also assume the responsibilities under the CDBG loan agreement. In efforts to preserve this community asset and the services it provides to the Pacoima neighborhood, EWDD is recommending the extension of the responsibilities under the CDBG loan agreement to require ICON to continue the provision of community-based financial services for an additional ten (10) years from the date of termination of the EDA sub-award, extending the term of the CDBG service payback loan to September 30, 2035. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the EWDD report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic Development and Jobs Committee

COUNCILMEMBER	VOTE
PRICE:	YES
KREKORIAN:	YES
BLUMENFIELD:	YES
RAMAN:	YES
HARRIS-DAWSON:	ABSENT

ARL

6/8/21

-NOT OFFICIAL UNTIL COUNCIL ACTS-