

LOS ANGELES RELIEF AND RECOVERY FUND

The Covid-19 pandemic confronts the Los Angeles regional economy with unprecedented economic challenges and uncertainty in both the short- and long-term. In Los Angeles unemployment has risen more than the rest of California or the nation. Key sectors like Food and Beverage, leisure and hospitality have shed record levels of jobs since March, and the full impact on employment is yet to be realized or reported. It is now estimated that individual employment in LA County dropped from 68% of the population on March 20th to 43% of the population on April 7th, meaning that over half of the County is now without a job due to the Covid-19.

The impact has been especially great on the region’s small businesses, which provide the majority of employment for our residents. Initial data from March shows the hardest hit industries in Los Angeles are mostly businesses employing 1 to 19 people. These businesses are at a heightened risk of laying off workers and permanently closing, and 50% of small and independent businesses surveyed nationally have insufficient cash reserves to weather more than two months under current conditions.

The non-profit sector has also been disproportionately impacted. With increased unemployment and strain on communities, 50% of nonprofits have reported an increase in demand for their services. Despite this increased demand, 83% of nonprofits have suffered financially due to Covid-19. These nonprofits are experiencing unprecedented losses in revenues as fundraising events are cancelled, earned revenues are cut off, and donations are redirected to larger organizations on the front-line against Covid-19.

While there has been federal relief, including the Paycheck Protection Program (PPP), it is not enough. A majority of PPP loans favored larger and medium-sized businesses with established banking relationships, leaving many of our small businesses and non-profits behind. It is clear that federal grants will not be enough: local impact investment also has a key role to play in leveraging the power of public resources.

As such, the City and County of Los Angeles are proposing to partner with philanthropy to address this challenge head on by creating the Los Angeles Regional Covid-19 Relief & Recovery Fund (Regional Recovery Fund) to provide loans and grants to Los Angeles based small businesses and nonprofit organizations left behind by Federal relief programs.

The priorities of the Regional Relief Fund include:

- Provide loan and grant capital to Los Angeles small businesses, microentrepreneurs and nonprofit organizations.
- Ensure equitable access to capital across geography, demographics and borrower type.
- Undertake a coordinated and strategic fundraising approach to maximize resources for the Regional Recovery Fund.
- Facilitate the participation of other Los Angeles based Community Development Financial Institutions (CDFIs) as originating lenders.
- Gather and report robust social impact metrics.

The City and the County have been working together to establish the proposed Regional Recovery Fund, and have selected the Local Initiative Support Corporation (LISC) through a competitive solicitation to act as Administrative Agent for the program.

I THEREFORE MOVE that the Council, subject to the approval of the Mayor:



1. APPROVE the participation of the City of Los Angeles in the Los Angeles Regional Relief & Recovery Fund as described above.
2. AUTHORIZE the use of \$700,000 from the Economic Development Trust Fund unappropriated balance, to be managed by the Economic and Workforce Development Department (EWDD) in support of the Los Angeles Regional Relief & Recovery Fund.
3. AUTHORIZE the use \$300,000 in funding from account 303, Industrial / Commercial Revolving Loan Fund, to be managed by EWDD in support of the Los Angeles Regional Relief & Recovery Fund.
4. Instruct EWDD with the assistance of the Controller and CAO, to report on recommendations for funding options to meet the City's commitments of \$4 million to the Los Angeles Regional Relief and Recovery Fund, specifically considering Fund 303 - Industrial/Commercial Revolving Loan Fund; Fund 649 - Infrastructure Grant; Fund 42U - Los Angeles Community Development Bank Section 108 Guarantee; 505-Special Revenue, Community Redevelopment Agency; as well as other potential funds that may be appropriate.
5. AUTHORIZE EWDD to negotiate and execute a Memorandum of Understanding with the County of Los Angeles and/or the Los Angeles Development Authority to form the Los Angeles Regional Relief & Recovery Fund, including co-funding and program management agreements, subject to the approval of the City Attorney as to form.
6. AUTHORIZE EWDD to enter into all necessary agreements with Local Initiative Support Corporation (LISC), who will function as the Administrative Agent for the Regional Recovery Fund, subject to the approval of the City Attorney as to form.
7. Instruct EWDD to report on program status to Council and Mayor every 90 days, or more often as necessary.
8. AUTHORIZE EWDD to prepare Controller instructions as required to implement the intent of this action, with the approval of the CAO, and authorize the Controller to implement those instructions.

PRESENTED BY:



CURREN D. PRICE, Jr.
Councilmember, 9th District

SECONDED BY:



ORIGINAL