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MAY 26, 2020

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON 
CHIEF EXECUTIVE OFFICER

FROM: JAMES DE LA LOZA 
CHIEF PLANNING OFFICER

**SUBJECT: TRANSIT ORIENTED COMMUNITIES BUSINESS
RECOVERY LOAN PROGRAM**

ISSUE

On April 23, 2020, the Metro Board of Directors approved a motion directing the reallocation of up to \$853,000 of the Transit Oriented Communities (TOC) Small Business Program funds (the "Original Program") to implement a TOC Business Recovery Loan Program (the "Recovery Program") to help small businesses near transit recover from COVID-related economic impacts. This report provides an update on the implementation of the Recovery Program.

DISCUSSION

Metro staff has been working closely with the Los Angeles County Development Authority (LACDA) to launch the Recovery Program. Consistent with the Board motion, businesses with less than 25 employees that are within ¼-mile of a Major Transit Stop may be eligible to receive a below-market interest rate loan of up to \$20,000. The loans will have a 5-year term, with repayment of principal and interest deferred for the first 12 months.

A Major Transit Stop is defined by California Public Resources Code Section 21064.3 and includes an existing rail or bus rapid transit station or the intersection of two or more major bus routes with a frequency of service interval of 15 minutes or less during the morning and afternoon peak commute periods. For purposes of the Recovery Program, businesses within ¼-mile of planned rail stations along an environmentally cleared fixed-guideway transit project are also eligible.

The Board motion also directed that the funds be geographically disbursed across subregions. To that end, Recovery Program loans will be limited to no more than three (3) per zip code with applications being considered in the order in which they are received. It is expected that the available funding will support approximately 42 loans.

To help promote and create awareness of the Recovery Program, Metro will send email notifications to a comprehensive list of businesses stakeholders and those with relationships with prospective businesses to simultaneously notify them about this opportunity. This database consists of approximately 18,000 contacts and includes:

- Diversity & Economic Opportunity Department contacts
- Eat Shop Play participants
- Business Solution Center
- Chambers of Commerce/Business Improvement Districts
- Faith-Based Organizations
- Community-Based Organizations
- Government partners

It is anticipated that the application window will open on or around June 4 and remain open for one week. To allow prospective applicants to prepare, a notification will go out one week in advance of the opening of the application period. Interested parties will be directed to the Recovery Program website which will contain pertinent loan, application, and eligibility information including FAQs and searchable map of eligible transit stops.

The Recovery Program will be administered by the LACDA, which will be responsible for reviewing applications and underwriting loans. The LACDA will also provide a dedicated staff member to respond to inquiries. Additionally, prospective applicants will have access to free technical assistance through the LA Small Business Development Center.

NEXT STEPS

The Recovery Program will be announced on or around May 28 with an initial email notification providing a one-week advance notice of the pending application period. This communication will be forwarded to Board Offices to be shared with your constituents.

Per Board direction, staff anticipates a report back to the Board in summer 2020 with a status update on the implementation of the Recovery Program and a discussion on potential revisions to the Original Program to be considered as repaid Recovery Programs funds become available.