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**ECONOMIC DEVELOPMENT & JOBS  
MOTION**

On March 22, 2024, and September 2, 2025, the City Council approved funding for the Reseda Theatre Rehabilitation Project/Reseda Theatre Project (Project) located at 18443 Sherman Way in Reseda (C.F. 14-1174-S89 and 14-0425-S16, respectively). The Project consists of capital improvements including: two micro movie screens with 100 seats; a concession area on the second floor; six food tenant stalls; and a craft beer garden with 92 seats on the first floor. The Project cost is estimated at \$13,500,000. Projected funding sources, pending appropriate approvals, include: Excess Non-Housing Bond Proceeds, Construction Loan Financing, New Market Tax Credits, CDBG Gap Financing, Developer Equity, AB1290 Funds, and a Section 108 Loan.

For the Section 108 Loan, the City intends to submit an application in an amount up to \$2,100,000 to the U.S. Department of Housing and Urban Development (HUD) pursuant to 24 CFR Part 570, Subpart M. As required by 24 CFR 570.704(a)(1), the proposed application description includes the following:


(A.) The community development objectives the public entity proposes to pursue with the guaranteed loan funds for the Project are to (i) reactivate a long-vacant historic property to catalyze neighborhood revitalization; (ii) support small businesses and nonprofits by delivering theatre and food hall services to the community; and (iii) leverage federal funds to attract additional public and private investment; (B.) The City's proposal to assist with the guaranteed loan funds for the Project is consistent with economic development activities eligible under 24 CFR 570.703(i)(1) and 24 CFR 570.203 which carry out special economic development activities that benefit all the residents in a particular area where more than 51 percent are low- and moderate-income persons and comply with the national objective under 24 CFR 570.208(a)(1)(i). Operation of the theatres and food hall are expected to produce program income for the Project. More information can be obtained by emailing [Reseda.Theatre.Project@lacity.org](mailto:Reseda.Theatre.Project@lacity.org); (C.) As required by Section 108 statute, the City will pledge its CDBG Entitlement Funds as security for the Section 108 loan. The City will require a second mortgage on the property financed and an assignment of collected rents as additional security (D.) Any fees related to the issuance of the Section 108 fees are capitalized in the fully-loaded budget and will be paid from sources in the capital structure. The HUD Section 108 application fee, which will be determined later, will not be paid by CDBG funds.

Council action is needed to authorize the preparation and submission of a Section 108 Loan to HUD and to satisfy HUD requirement 24 CFR 570.704(a)(1)(iii) to publish community-wide its proposed application to afford affected citizens an opportunity to examine the application's contents and provide comments.

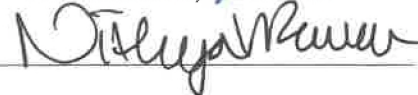
**I THEREFORE MOVE**, that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer and Chief Legislative Analyst, BE AUTHORIZED to:

1. Assess the Project for fulfilling HUD requirements, including the eligible activity CFR 570.203 for special economic activities and the National Objective CFR 570.208(a)(1)(i) by serving the low-moderate income residents (LMA) in the service area and qualifying the Public Benefit CFR 570.209(b) by provision of goods and services.
2. Initiate and underwrite a Section 108 Loan application for the Section 108 Loan Guarantee program available through HUD and complete required administrative processes to complete the loan application for up to \$2,100,000 for the Project;
3. Upon HUD's approval, complete the Consolidated Plan substantial amendment process with the Community Investment for Families Department (CIFD) to include the Section 108 loan and all other related federal requirements and documentation that may be necessary, relative to the intent of this motion, subject to approval of the City Attorney as to form and legality;
4. Return to Council with a final application, pursuant to 24 CFR 570.704(a)(1)(iv); and
5. Upon determination of eligibility and completion of required processes, approve the Section 108 Loan, subject to environmental assessments of the Project in compliance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA).

PRESENTED BY:

  
BOB BLUMENFELD  
Councilmember, 3rd District

SECONDED BY:



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