

BB

MOTION

~~ECONOMIC DEVELOPMENT & JOBS~~
TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED #55

On October 7, 2025, the City Council approved Motion (Blumenfield - Raman) authorizing the Economic and Workforce Development Department (EWDD) to assess eligibility of a proposed Section 108 loan application for the Reseda Theater Project (Project), pursuant to 24 CFR 570.704(a)(1) and instructed EWDD to return to Council with the final application (CF 14-1174-S113). The Project consists of capital improvements to the Reseda Theater 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 estimate has been updated from approximately \$13.5 million to \$14.9 million. The projected funding sources, pending appropriate approvals, have also been updated as follows:


New Market Tax Credits (NMTC) \$ 2,600,000; Construction Loan Financing \$ 3,370,000; Excess Non-Housing Bond Proceeds \$ 1,128,014; Section 108 Loan \$ 2,100,000; CDBG Gap Financing \$ 497,183; AB1290 Funds (Council Office) \$ 4,300,000; TSA \$ 160,000; Developer Equity \$ 500,000; Deferred Developer Fee \$ 302,898.

EWDD completed eligibility assessment of the Project and Council action is needed to authorize the preparation and submission of a Section 108 Loan application package to the U. S. Department of Housing and Urban Development (HUD). The proposed Section 108 loan will participate in the NMTC financing, with a loan fee of 3.5%, interest rate at City's cost of fund plus 0.25%, amortized over 25 years due in 20 years. In the first seven years, the loan will be secured through the membership interest in the NMTC structure and a junior lien of Deed of Trust on the Project thereafter. The loan will be debt serviced by the cash flow generated from the Project and set-aside reserve which is also contained within the sources of funds. No fiscal impact to City's general fund nor CDBG allocation is anticipated. This Motion's public hearing will offer an opportunity for the public to provide feedback on the Section 108 application.

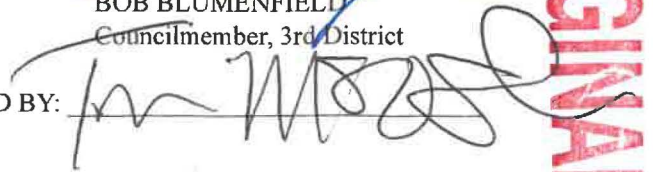
I THEREFORE MOVE, that the Economic and Workforce Development Department (EWDD), with the assistance of the City Administrative Officer (CAO), Chief Legislative Analyst, and the Community Investment for Families Department, BE AUTHORIZED to:

1. Submit a Section 108 Loan application package to HUD and, subject to HUD's approval, negotiate and execute a Promissory Note in favor of the HUD and the related documents (HUD Documents) to borrow up to \$2,100,000 pursuant to Section 108 Loan Guarantee program from HUD, and any amendments to the intent of this motion, in order to provide financial assistance for the Project, subject to approval of the City Attorney as to form and legality;
2. Negotiate and execute respective City contracts and related documents with appropriate parties in the NMTC financing structure for funding this Project with the following sources from the City: (a) Section 108 Loan for up to \$2,100,000; (b) CDBG Gap Financing for up to \$497,183; and (c) AB1290 Funds for up to \$4,300,000;
3. Find the Section 108 Loan request is deemed appropriate under federal assistance guidelines; the terms of the financing are reasonable; and the Project are adequate to meet the established the Code of Federal Regulations and guidelines, include the national objective of serving low- and moderate-income residents pursuant to 24 CFR 570.208(a)(1), eligible activities of special economic development under 24 CFR 570.203(b), and public benefit of provision of goods and services per 24 CFR 570.209(b);
4. Prepare Controller instructions, with concurrence from the CAO, including any future technical adjustments relative to the intent of this transmittal, and instruct the Controller to implement these instructions;
5. Authorize the Controller to: (a) Establish a new account, with the assistance from EWDD's accounting staff, for the Reseda Theatre Project and appropriate \$2,100,000 within the Section 108 Loan Fund No. 43F; and (b) Expend funds upon proper demand of the General Manager of EWDD.
6. Identify funds, such as CDBG, to complete tenant improvements needed for the operation of the six food tenants.

PRESENTED BY:


BOB BLUMENFIELD
Councilmember, 3rd District

SECONDED BY:



DEC 05 2025

ORIGINAL