



CSCDC
CALIFORNIA STATEWIDE COMMUNITIES
DEVELOPMENT CORPORATION

CSCDC ANNOUNCES \$14 MILLION NEW MARKETS TAX CREDIT FINANCING FOR L.A. PREP SOUTH

Financing will provide affordable food manufacturing facilities to small businesses in Los Angeles



The [California Statewide Communities Development Corporation](#) (CSCDC) has provided \$14 million of [New Markets Tax Credit](#) (NMTC) allocation to L.A. Prep Properties II LLC, an affiliate of CED Food II LLC, to finance L.A. Prep South, an approximately 60,000 sq. ft. multi-tenant food production facility located in South Los Angeles, California that will provide pre-inspected, ready-to-occupy, private kitchen spaces to small food manufacturers.

L.A. Prep South builds open the success of CED's original L.A. Prep location which opened in 2015. L.A. Prep South offers each tenant an exclusive, turnkey food production space along with essential shared amenities including flexible storage, packing areas, office and onsite logistics. The facility helps food companies scale production faster and with lower capital requirements than any other option available to such companies. Facility costs, infrastructure, and permitting are typically significant barriers to entry for small food businesses.

The Project is expected to create approximately 40 construction jobs and 260 new permanent jobs. Sixty percent of the permanent tenant jobs are expected to be jobs paying a living wage or higher and 100% of the jobs to operate the facility will pay a living wage or higher. Seventy-five percent of the permanent tenant jobs are expected to be filled by residents from low-income communities in and surrounding South Los Angeles.

As conventional financing was not possible based on traditional underwriting standards, CSCDC partnered with Genesis LA, which provided an additional \$10 million in NMTC allocation, as well as JPMorgan Chase who provided \$1 million in NMTC allocation and is the tax credit equity investor, to complete the financing for L.A. Prep South.

The developer collaborated with the L.A. County Department of Public Health ("DPH") to create innovative regulations that allowed for an expedited government approval process for small food manufacturers. L.A. Prep South will provide flexible lease rates to 62 small and medium size food businesses and helps them ramp up their production within days and at a substantially lower cost than if they were to rent space on their own and pay for permitting and startup costs, creating a pathway for startups and neighborhood businesses to expand and prosper. Based on its experience at its original L.A. Prep location, the developer anticipates that approximately 2/3 of the tenants at the Project will be woman-owned companies and 1/3 of the tenants will be minority-owned companies.

CSCDC was created as an affiliate community development entity by the California Statewide Communities Development Authority ([CSCDA](#)) to facilitate investment in low income communities through the use of New Markets Tax Credits. CSCDA is a joint powers authority conduit bond issuer created in 1988 by the League of California Cities and California State Association of Counties and is comprised of over 530 cities, counties and special districts throughout the State. CSCDA's mission is to provide local governments and private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California. For more information, please contact Jon Penkower at jpenkower@cscda.org.

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