

#3



Business Retention and Enhancement Program

A 12 Month Pilot Program
Congress Avenue
&
East 6th Street

Congress Avenue





Background

- In 1960:
 - Downtown Austin thriving
- During 1981:
 - Barton Creek Square Mall opened
- By 1982:
 - Scarbrough's
 - Yarings
 - Levine's
 - JC Penney
 - Sears
 - Woolworth
 - Western Auto



Downtown Studies

- 1988:
 - *Downtown Neighborhood Plan*
- 1990:
 - *East 6th Street Business Changes – 1975-1990*
- 1991:
 - *Downtown Austin: Report of a Regional/Urban Design Assistance Team (R/UDAT)*
- 1992:
 - *A Call to Action: R/UDAT Austin Implementation*
- 1997:
 - *R/UDAT Revisited-A Call to Finish*
- 2000:
 - *R/UDAT Review 2000-Creating a Great Downtown*
- 2003:
 - *Austin's Sixth Street Opportunities-Nichols-Gilstrap*
- 2005:
 - *Downtown Austin Retail Market Strategy*
- 2006:
 - *Congress and 6th Street Retail Strategies*



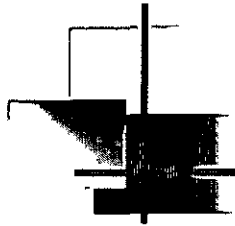
Program Purpose

- Local Government Code Chapter 380
Economic development program
- Supports re-establishment of Congress Avenue and East 6th Street as retail and urban entertainment destinations
- Provides low-interest loans for eligible costs

Business Retention and Enhancement Program



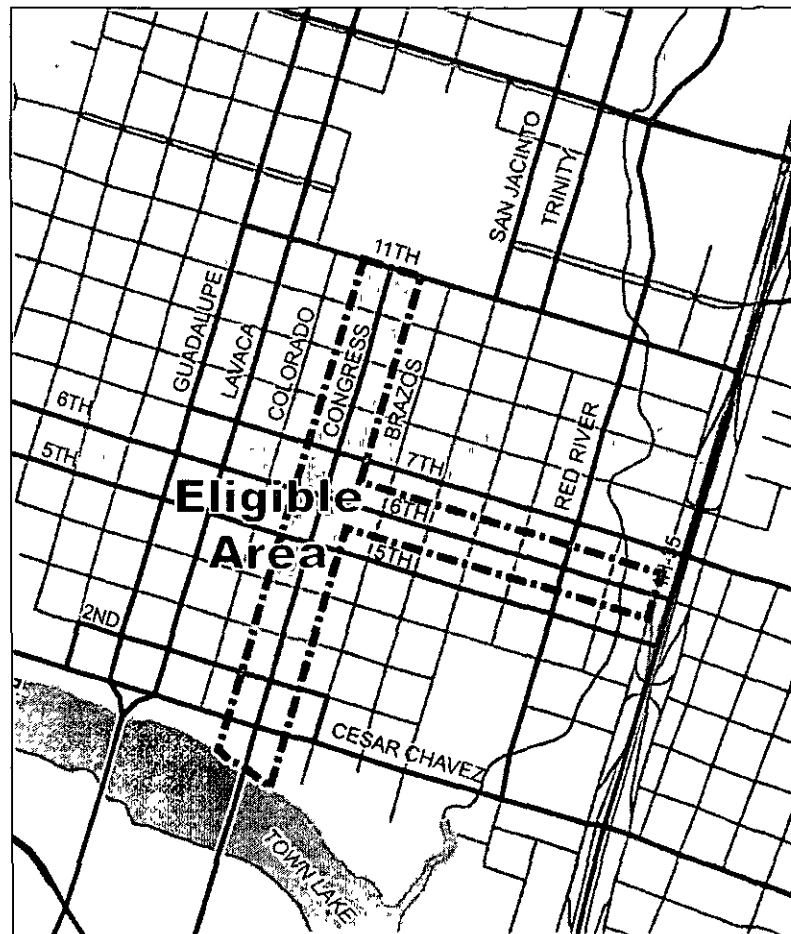
- 12 month pilot program
- Monitor and evaluate
- Return to Council with report and further direction



Goals

- Improve image of Congress Avenue and East 6th Street as retail destinations
- Enhance East 6th Street's live music and entertainment district
- Stimulate private retail investment
- Improve quantity and quality of goods and services
- Create and retain jobs

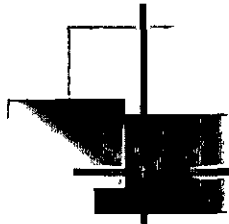
Eligible Area



Who is Eligible for the Program?

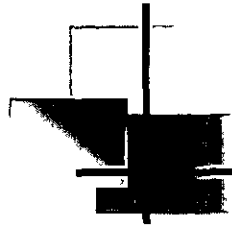


- Program designed for:
 - Existing businesses located within the Eligible Area that are displaced because of development
 - Businesses locating to the Eligible Area



Eligible Business Uses

- Program available to:
 - Art galleries
 - Food sales
 - Indoor entertainment
 - Retail sales
 - Restaurants
 - Theaters



Eligible Uses for Loan

- Façade improvements
- Tenant finish-out
- Business related equipment



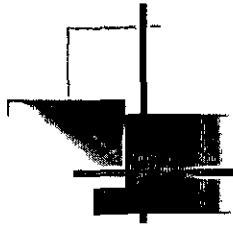
Prerequisites for Loan

- Locate to or currently exist within the Eligible Area
- Have 2 year history of successful business operation
- Commit to retaining or increasing the number of jobs



Financial Assistance

- Low-interest loans up to \$250,000
- Special Circumstance Provision: for existing businesses at risk of being displaced
 - City may increase loan amount
 - City may forgive balance of loan after 5 years if no loan default or late payments
- Preference
 - Locally-owned business
 - Minority-owned and/or women-owned business



Loan Terms and Conditions

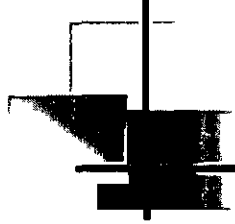
- The applicant is required to:
 - Demonstrate a financial need
 - Have applicable zoning for the project
 - Be current on all City taxes and fees
 - Show fee simple ownership or lease of 5 years or more
 - Repay loan in full if business is discontinued or sold



Loan Terms and Conditions

(cont'd)

- Loan terms and interest rates are negotiable
- Funds will be disbursed as reimbursements for payment of eligible costs



Sources of Funding

- Derived from development on Congress Avenue and East 6th Street
 - Alley vacation sales
 - Temporary use of Right-of-Way fees
 - License agreements

Annual Program Revenue Estimate

- Revenue Estimate:
 - Actual fees collected in 2006
 - Projected revenue for 2007

Revenue Source	Range		
	Low	Mid	High
Alley Vacation Sales	96,600	289,800	917,700
Temporary Use of ROW	263,255	263,255	263,255
License Agreements	3,797	3,797	3,797
Total	363,652	556,852	1,184,752

- Revenue estimate will change based on development construction timeline



Next Steps

- Return to Council on March 1 with an ordinance amending the Operating Budget by creating a new Fund for the Business Retention and Enhancement Program