

AGENDA



Thursday, June 21, 2007

**Neighborhood Housing and Community Development
RECOMMENDATION FOR COUNCIL ACTION****Item No. 15**

Subject: Authorize the negotiation and execution of a loan to Salvage Vanguard Theater in Austin, TX, under the Neighborhood Commercial Management Loan Program in an amount not to exceed \$274,952, in compliance with applicable federal requirements including Title 24 Code of Federal Regulations Section 85.40 performance goals, to rehabilitate an existing building into a theater at the property located at 2803 Manor Road, Austin, TX.

Amount and Source of Funding: Funding is available in the Neighborhood Housing and Community Development Office Special Revenue Fund; \$234,952 in Section 108 Loan funds under the Neighborhood Commercial Management Loan Program (NCMP); \$20,000 from the Community Preservation and Revitalization (CP&R) Small Business Loan Program and \$20,807 from the Facade Improvement Program.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Paul Hilgers, Director, Neighborhood Housing and Community Development, 974-3108.

This action authorizes the negotiation and execution of a subordinate loan to Salvage Vanguard Theater in an amount not to exceed \$274,145; \$234,145 in Section 108 Loan funds under the Neighborhood Commercial Management Loan Program (NCMP); \$20,000 under the CP&R Small Business Loan Program and \$20,000 under the Facade Improvement Program (Grant Funding) for the purposes of rehabilitating an existing building into a theater at the property located at 2803 Manor Road, Austin, TX 78702. This loan is subject to completion of the federal environmental assessment and fund release process.

Salvage Vanguard Theater is a nonprofit arts organization founded in 1994 with the vision of creating an environment which allows both visual and performing artists to present their artistic creations to the local general public, while also expanding operations and creating jobs. The Salvage Vanguard Theater is rehabilitating an existing structure located at 2803 Manor Road and anticipates completing the project in the next nine months.

The purpose of the NCMP, CP&R Small Business Loan Program and the Facade Improvement Program are to assist in revitalizing commercial districts by providing financial assistance to eligible small businesses within Austin's city limits in exchange for job creation or retention for low and moderate income individuals. Project cost approximately \$614,000. Salvage Vanguard Theater is providing \$339,048 in cash equity acquired through a combination of fundraising and private donations.

The City of Austin is providing additional funding as follows: • A maximum NCMP loan of \$234,145 with a fixed interest rate of 4% for a term of 15 years. The NCMP loan funds will be utilized to support both hard and soft costs associated with the building rehabilitation. • \$20,000 from the CP&R Small Business Loan Program with
a fixed interest rate of 4% for a term of 5 years, and

- \$20,000 from the Facade Improvement Program as a grant for equipment and exterior facade improvements.

The total City of Austin investment represents 45% of the total project cost.

This loan is subject to completion of the Federal Environmental Assessment and Fund Release process.

Salvage Vanguard Theater will add a total of 12 full-time employees (10 full-time and 4 part-time employees). All 12 positions will be made available to persons earning up to 80% of the median family income (\$39,850 for a single person, \$56,900 for a family of four).

The staff of Neighborhood Housing and Community Development Department (NHCD) recommends approval of this transaction based on the financial strength of the borrower, the strength of the business, the management commitment to this project and the positive impact on the community.

Approval of this loan is consistent with NHCD's 2004-2009 Consolidated Plan. The Consolidated Plan states specifically that NHCD will provide flexible capital in the form of gap financing to businesses in blighted or depressed commercial districts to create or retain jobs for low-moderate income residents. Approving this loan will also further the Department's Mission: "to provide housing, community, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency."