

6/19/2007 9:46 AM

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This action authorizes the negotiation and execution of a subordinate loan to Salvage Vanguard Theater in an amount not to exceed \$234,145 in Section 108 Loan funds under the Neighborhood Commercial Management Loan Program (NCMP) for the purposes of renovating an existing building into a theater at the property located at 2803 Manor Road, Austin, Texas 78702.

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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 renovating and remodeling the current building at 2803 Manor Road and anticipates completing the Theater complex in the next 6 to 9 months.

The purpose of the Neighborhood Commercial Management Loan Program (NCMP) is 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.

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The terms of the proposed loan will be as follows:

Deleted: The NCMP loan approval process includes a review and analysis by NHCD staff and by a loan advisory committee consisting of bankers, real estate professionals, and community representatives. Program staff will present and recommend Salvage Vanguard Theater's NCMP Loan Application in the amount of \$234,145 for approval by the NCMP Loan Advisory Committee.

Project cost approximately \$614,000.

A maximum NCMP loan of \$234,145 with a fixed interest rate of 4% for a term of 15 years.

The fund use includes \$234,145 for both hard and soft costs associated with the building renovation. NCMP funding represents 38.2% of the total project cost.

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The City of Austin is providing additional funding as follows:

- \$20,000 via CP&R Small Business Loan Program
 - \$20,000 via Façade Improvement Program (Grant Funding)
- Salvage Vanguard Theater is providing \$339,048 in cash equity (Private donations raised)
Salvage Vanguard Theater will add a total of 16 employees (12 full-time and 4 part-time employees).
All 16 positions will be made available to low and moderate income persons.

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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 2000-2005 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."

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