

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	15449	Agenda Number	15.
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Meeting Date:	5/24/2012	Department:	Economic Growth and Redevelopment
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Subject

Approve a resolution creating the Family Business Loan Program, a public-private partnership loan program designed to fund small business expansions that will create jobs, and approving program guidelines.

Amount and Source of Funding

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	January 27, 2011: Council approved Resolution 20110127-019 authorizing the application for \$8,000,000 in Section 108 Loan Assistance Program Funds and up to \$2,000,000 in Brownfields Economic Development Initiative grant funds.
For More Information:	Kevin Johns, Director / EGRSO / 974-7802
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

The Family Business Loan Program (FBLP) will be a public-private partnership loan program that enables Austin small businesses to finance business expansions that create jobs. Funding will be provided by loan proceeds the City obtains under the U.S. Department of Housing and Urban Development (HUD) Section 108 loan guarantee program. Under the program guidelines approved by HUD, the FBLP will make low-interest fixed asset and working capital loans to qualified Austin small business owners who are ready to expand their business and create jobs.

The FBLP will fund a portion of the small business owner's expansion project. The City will partner with local U.S. Small Business Administration Section 504 certified community lenders and local private bank members of the Federal Home Loan Bank to also fund each project. The funding allocated to the FBLP by this action will thus provide borrowers with access to additional funds from other private and public sources.

The FBLP provides a means for revitalizing disadvantaged areas and creating jobs for chronically unemployed or

under-employed populations. Borrowers are required to create at least one full-time job for every \$35,000 in loan funds borrowed, and per HUD regulations 51% of jobs created must be offered to Austin citizens deemed low to moderate income. The FBLP is expected to create approximately 230 new full-time jobs with funding provided by HUD Section 108 loans.