

**OPERATING BUDGET
FISCAL NOTE**

DATE OF COUNCIL CONSIDERATION:
CONTACT DEPARTMENT(S):
FUND:

5/24/12
Economic Growth and Redevelopment Services
Special Revenue

SUBJECT: Amend Ordinance No. 20110912-005, to transfer \$3,000,00 from the Neighborhood Housing and Community Development Fiscal Year 2011-2012 Special Revenue Fund to the Economic Growth and Redevelopment services Office Fiscal Year 2011-2012 Special Revenue Fund to fund the Family Business Loan Program.

CURRENT YEAR IMPACT:

	2011-12 Approved	This Action	2011-12 Amended
Special Revenue Fund			
HUD Section 108 Loan Guarantee			
Grant Period: 04/2012 - 08/2012	0	3,000,000	3,000,000
Total	0	3,000,000	3,000,000
FTEs	0.00	0.00	0.00

FIVE-YEAR IMPACT:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Total Revenue	3,000,000	0	0	0	0
Total Expenditures	3,000,000	0	0	0	0
Net Impact	0	0	0	0	0

ANALYSIS / ADDITIONAL INFORMATION: The U.S. Department of Housing and Urban Development (HUD) provides loan guarantees to local governments for economic development purposes under Section 108 of the Housing and Community Development Act of 1974, as amended. In 2008 HUD approved a \$3,000,000 Section 108 loan guarantee for the City of Austin to fund the Neighborhood Commercial Management Program (NCMP). This Council action will repurpose the loan guarantee to fund the Family Business Loan Program (FBLP). The FBLP was included and approved as part of the City's FY2011-12 Community Action Plan.

The FBLP will be a public-private loan program that enables Austin small businesses to finance business expansions that create jobs. Under the program guidelines approved by the City Council and HUD, the FBLP will make low-interest fixed asset, real estate, and working capital loans to qualified Austin small business owners who are ready to expand their business and create jobs.

The FBLP funds a portion of the small business owner's expansion project. The City will work with local U.S. Small Business Administration Section 504 certified community lenders and local private bank members of the Federal Home Loan Bank to fund each project. The \$3 million obtained 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 \$3 million obtained through this request will create approximately 86 new full-time jobs.