

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	26429	Agenda Number	26.
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Meeting Date:	8/29/2013	Department:	Economic Growth and Redevelopment
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Subject

Approve a resolution authorizing the City Manager to accept a U.S. Department of Housing and Urban Development award of \$8,000,000 under Section 108 of the Housing and Community Development Act of 1974, as amended, in order to increase financing for the Family Business Loan Program. Related to Item # 27.

Amount and Source of Funding

Funding in the amount of 8,000,000 was awarded by U.S. Department of Housing and Urban Development's Section 108 Loan Guarantee Assistance program.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	<p>July 24, 2008- Council approved Resolution 20080724-041 authorizing acceptance of \$3,000,000 in HUD Section 108 loan guarantee funds.</p> <p>January 27, 2011- Council approved Resolution 20110127-019 authorizing the application for \$8,000,000 in Section 108 Loan Assistance Program Funds.</p> <p>May 24, 2012- Council approved Resolution 20120524-015 creating the Family Business Loan Program and Ordinance 20120524-016 to authorize the Family Business Loan Program's fees.</p>
For More Information:	Kevin Johns, Director / EGRSO, 974-7802
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

The U.S. Department of Housing and Urban Development (HUD) provides loans to local governments for economic development purposes under Section 108 of Title I of the Housing and Community Development Act of 1974, as amended. HUD has awarded an \$8,000,000 Section 108 guaranteed loan to the City of Austin to increase funding available for the Family Business Loan Program (FBLP). This Council action will authorize City staff to take actions necessary for acceptance of the funds from HUD.

The FBLP is a public-private loan program that enables Austin small businesses to finance business expansions that

create jobs. Under the program guidelines approved by HUD and the City Council, the FBLP makes 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 funds a portion of the small business owner's expansion project. The City partners 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 \$8 million obtained by this action will 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 \$8 million obtained through this request will create approximately 230 new full-time jobs.

The Section 108 application approved by HUD designated these funds entirely for economic development activities within the Plaza Saltillo Transit Oriented Development District. However, based on experience with the FBLP to date, staff recommends that the City request HUD to allow an expansion of the service area for this funding allocation to City-wide so that the \$8 million can fund small business expansions and low to moderate income job creation in multiple Transit Oriented Developments and other areas of the City.

Following HUD final approval, staff will bring back an item to Council authorize the City to enter into loan documents with HUD upon final approval of the financing by the Texas Attorney General's Public Finance Office.