

# Business Retention and Enhancement Program

CITY OF AUSTIN ECONOMIC DEVELOPMENT DEPARTMENT

OCTOBER 28, 2015



Message throughout presentation is that the BRE serves as a resource to businesses as Austin battles not only with housing affordability issues but also commercial affordability issues.

BRE can supplement enhancements that stimulate business, more consumers and more pedestrian traffic to off set the increase in rents, and taxes and generate more income.

## Business Retention and Enhancement Program Overview

- Created on February 14, 2007 (24 month pilot program)
- Support the re-establishment of Congress Avenue and East 6<sup>th</sup> Street as retail and urban entertainment destinations
- Provide low-interest loans for eligible uses
- Improve the image of Congress Avenue and East 6<sup>th</sup> Street as retail destinations
- Enhance East 6<sup>th</sup> Street's live music and entertainment district
- Stimulate private retail investment
- Improve quantity and quality of goods and services
- Create and retain jobs
- Active partnerships with Downtown Austin Alliance, EDD-Soul-y Austin, EDD- Small Business Program Red River Cultural District, and Sixth Street PID

**\*\*Created in 2007, the program became permanent per City Council in February 2009. The program aligns and provides resources to address items conveyed in the Downtown Master Plan, the Downtown Austin Retail Market Analysis, and component of Imagine Austin.**

**\*\*The program demonstrates active partnerships with many programs and organizations who involve and assist businesses in the service area. These partnerships are critical to the education and implementation of the program. The partnerships have the ability to recruit potential applicants and expose businesses to the program offering.**

**\*\*As we have learned from business outreach through SMP and Soul-y Austin businesses are facing direct challenges in rising rent costs and property taxes that limit their ability to dedicate resources to other improvements. Businesses are aspiring to attract more consumers and generate more foot traffic to off set these increases and balance their business. The BRE serves as a way of the COA to provide resources to the small and local businesses that may be most impacted by Austin's economy.**

**\*\*Retail strategies identified by both COA and DAA stressed the need shift the balance from non-retail uses to retail uses in the downtown area to further stabilize and enhance the visitor experience and economic vitality.**

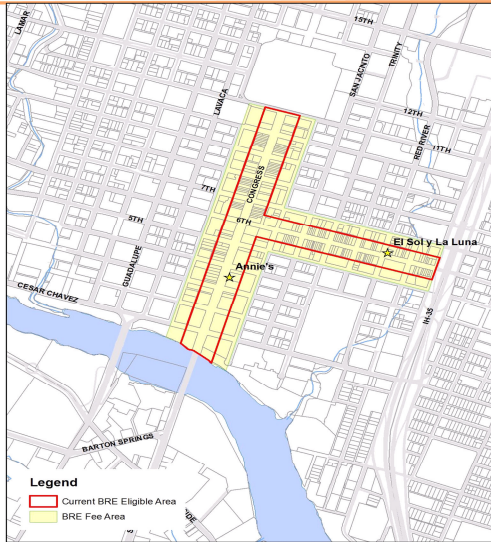
**\*\*The BRE program is an opportunity to assist businesses new and existing who want to increase business and play a role in providing the Austin experience. The BRE program as set up could be a framework that could be considered for other commercial areas, corridors and nodes in the community that house small and local businesses that**

## Current Uses

- Façade Improvements
- Tenant Finish Out
- Business-related equipment
- Restoration of historically significant buildings
- Costs associated with design work
- Low-interest loans up to \$250,000
- Special Circumstance Provision: for existing businesses at risk of being displaced
  - City may increase loan amount up to \$750,000
  - City may forgive balance of loan after 5 years if no loan default or late payments

**\*\*current eligible projects/uses of the BRE funding assists in improving and stabilizing businesses within the service area. These projects can increase the value of the business, attract new customers and promote private investment into the area.**

## Current Eligible Area



**“Eligible Area”** (Red Outlined Area) can be defined as the area of Congress Avenue bounded by 11<sup>th</sup> Street on the north, Town Lake on the south, and the alleys directly east and west of Congress Avenue, and the area of East 6th Street bounded by Congress Avenue on the west, the southbound frontage road of IH-35 on the east, and the alleys directly north and south of East 6th Street, as indicated on the BRE Program map. Businesses within this area are eligible for the BRE Program.

**“BRE Fee Area”** (Yellow Outlined Area) is the fee collection area for the BRE funding.

**“Fee Sources”** Temporary Use of Right-of-Way, Vacation of Rights-of-Way, License agreements

## Business Retention and Enhancement Program (BRE)

A low-interest loan program for small businesses

El Sol Y La Luna: \$250,000

- 8 New Full-time jobs

Apple Annie's: \$250,000

- 20 New Full-time jobs

Apple Annie's



El Sol Y La Luna



### \*\*\*El Sol Y La Luna

Funding was used for engineering, architectural fees, equipment and leasehold improvement for a relocation to the 6<sup>th</sup> street location. The loan was for \$250,000 at 4.5% over 5 years. It created 8 new full time jobs. The business has paid back the loan and is in good standing. The business is still a destination on the 6<sup>th</sup> street district for Mexican Cuisine.

### \*\*\*Apple Annie's

Funding was used for relocation of Apple Annie's and the renovation and purchase of the 319 Congress Avenue location. The business is still operating and is a destination for a lunch crowd and evening hours. The project created 20 new full time jobs.

## Program Evaluation

1. Service Area does not maximize opportunity for downtown businesses to access the program
2. Program has attracted interest, although qualifications, guidelines and timeframe limit opportunity and eligibility
3. Current eligible projects do not comprehensively reflect the needs identified by businesses
4. Cumbersome and not business friendly process as financial documentation is made public

COA has collaboratively worked with DAA since program creation in an effort to promote and educate businesses in the eligible area of what the BRE Program can offer them. An annual evaluation is completed on the program to determine what may be working well with the program set up and guidelines and what modifications may be made to make the program more attractive and specifically useful to businesses.

1. Service Area does not maximize opportunity for downtown businesses to access the program

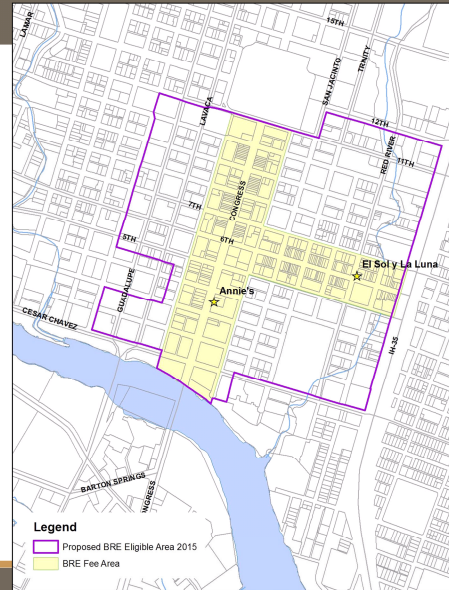
- Current eligible area does not include the DAA targeted retail market area, areas experiencing new business activity or areas with high vulnerability of displacement

2. Program has attracted interest, although qualifications, guidelines and timeframe limit opportunity and eligibility

- The current lending rates in which we are offering loans is comparable to the market rate loans
- The financial requirements and documentation required part of the process by the applicant are subject public review which is not always in the businesses best interest in the competitive market of Austin
- Program does not service existing business but targets new business. Businesses in Austin are facing pressures as our community grows, the program could assist in stabilizing existing businesses and specifically

## Program Recommendations

- Expand Service Area (See map) \*not collection area
  - Include the Red River Cultural District, area closet to the Convention Center and business area near the Innovation District
- Expand criteria to include **existing businesses** in the eligible area, **not just new businesses**
- Expand Eligible Business Uses
  - Assist up to three (3) existing music and nightlife venues with improvements
- Align Guidelines to match the Family Business Loan Program



- Expand Service Area (See map) \*not collection area
  - Include the Red River Cultural District
  - Include area within the DAA target market analysis

\*\*\*The expanded service area would not impact the free collection area of the BRE but would rather increase the number of businesses eligible to consider the BRE Program for assistance. The expansion would further include the City's designated Red River Cultural District which is home to the many music venues who contribute to the branding of Austin as the 'live music capital of the world' and additionally support the efforts underway by the EDD and the Soul-y Austin program to develop a merchants association in the area to improve the district through a unified vision.

- Expand criteria to include existing businesses

\*\*\* Many existing businesses in this service area are feeling the pressures of the community growing. Allowing the BRE program to assist these existing businesses could serve as a way to further stabilize and enhance their business to attract more consumers and increase business potential during a time when rents and taxes are rising.

- Expand Eligible Business Uses



## Program Recommendations

- Expand eligible project costs to include:
  - Catalyst Spaces – Seed funding for property ownership, Retail Ready Space
  - Upgrading Windows
  - Outdoor experience – sidewalk cafes, patios \*no rooftop patios
  - Expand uses to accommodate live music in business
- Non-loan funding component
  - Matching grant not to exceed \$50,000 per project

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- Expand eligible project costs to include:
  - Catalyst Spaces – Retail Ready Space

\*\*\*connect property owners with resources to build or finish interior improvements to accommodate tenants. This would allow commercial spaces that do not have long term leases in place to active commercial space through potential temporary pop-up shops, cohorts of businesses, or targeting the artist and musician entrepreneurs to activate spaces during the day time.
  - Upgrading Windows

\*\*\*many buildings require specific windows to ensure potential consumers can see window displays and the goods the business is offering. With the weather we have in Austin, window upgrades are critical to keeping the temperatures in the building comfortable while showing the business goods off and attracting foot traffic.
  - Outdoor experience – sidewalk cafes/dining, patios \*no rooftop patios

\*\*\*having so many days of sunshine cafes, restaurants and bars can maximize their space with out door patios or sidewalk cafes in allowable spaces
  - Businesses may opt to include an improvement that would allow them to accommodate live music, to be further facilitated through the entertainment license as a requirement.





Thank you  
City of Austin Economic Development Department

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The BRE program is an opportunity to assist businesses new and existing who want to increase business and play a role in providing the Austin experience. The BRE program as set up could be a framework that could be considered for other commercial areas, corridors and nodes in the community that house small and local businesses that may be in need of loans or funding resources to improve and enhance their business.

The BRE program serves as a economic development tool to the emerging EDD Soul-y Austin program which set up to form merchants associations in business districts in an effort to further stabilize, enhance and empower the businesses to grow and vision together.

The BRE program is a unique partnership with internal and external stakeholders and serves as an asset to our business community and furthermore as a tool for implementation of City of Austin plans.