

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	55066	Agenda Number	13.
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Meeting Date:	2/25/2016	Department:	Economic Development
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Subject

Approve a resolution authorizing the City Manager and other city officers to negotiate and execute all documents necessary to enter into a U.S. Department of Housing and Urban Development loan in an amount not to exceed \$3,000,000 under Section 108 of the Housing and Community Development Act of 1974, as amended to finance the Family Business Loan Program.

Amount and Source of Funding

Funding in the amount of \$3,000,000 is available in loan funds guaranteed by HUD'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:	May 24, 2012 - Council approved Resolution No. 20120524-015 creating the Family Business Loan Program and approving program guidelines. August 29, 2013 - Council approved Ordinance No. 20130829-027 authorizing acceptance of \$8,000,000 in funds from the U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Assistance Program and approved appropriation for the Family Business Loan Program.
For More Information:	Kevin Johns, Director, Economic Development Department, 512-974-7802
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup 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 2012, HUD authorized an \$8,000,000 Section 108 loan guarantee allocation for the City to continue funding the Family Business Loan Program (FBLP). This Council action will authorize the City Manager and other City officials on behalf of the City to enter into a loan with HUD following final approval of the transaction documents by the Texas Attorney General's Public Finance Division of the note. The FBLP was included and approved as part of the City's FY2013 Community Development Program.

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 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 the 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 \$3,000,000 approved by this action will enable the City to loan funds to loan applicants and create the opportunity for the City's borrowers to access 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 or retain at least one full-time job for every \$35,000 in loan funds borrowed, and in accordance with HUD regulations, 51% of jobs created or retained must be offered to Austin citizens deemed low to moderate income. The \$3,000,000 approved through this request will create or retain at least 86 full-time jobs.