

Agenda Questions/Responses
October 06, 2005

8. Why is the Burnet Road area considered blighted or depressed? (Council Member Raul Alvarez)

Neither the Neighborhood Housing & Community Development (NHCD) Office nor the Neighborhood Commercial Management Program (NCMP) identifies Burnet Road as slum or blighted (depressed) area. The only designated slum and blighted area exists under the state approved East 11th and 12th Street urban renewal area. The NCMP program is not directly linked to the urban renewal area. The NCMP program has no eligibility requirement based on a designation of slum and blight. The purpose of the NCMP program is to provide job creation and/or retention opportunities to low to moderate income persons through loans to businesses. The NCMP program does contain a primary priority area. It was included in order to give priority consideration of requests from businesses located within the area bounded by I-35, the Colorado River, Ed Bluestein and US Hwy 183. The primary priority area also includes the South Congress and South 1st Street redevelopment corridors. Although priority consideration is given to loan applications from businesses located in the primary priority areas, NCMP funds are not solely restricted to the primary areas. The Program also designates all remaining areas within the corporate city limits as secondary priority areas. This allows businesses located in these areas to participate in the program based on fund availability.

9. How will the funding from the proposed loan be utilized. What will be the value of the city's lien on the deed of trust? How will the loan make it possible for the applicant to create the additional jobs? (Council Member Raul Alvarez)

(1). How will the funding from the proposed loan be utilized? NCMP funding is ear-marked for property remodeling and modifications to the roof and interior (i.e. bathroom and seating areas for patrons). Physical improvements were identified that would possible improve business profitability by lowering annual operating expenses and generate new revenue by increasing patronage.

(2). What will be the value of the city's lien on the deed of trust? As the primary lender, the City of Austin will have a first lien position. Staff, via the NCMP loan committee are requesting approval of waivers that will allow the City of Austin under NCMP to be the primary lender, and thus obtain a first lien position.

(3). How will the loan make it possible for the applicant to create the additional jobs? NCMP funding enables Cisco's Bakery to meet both the primary goal of the business and NCMP which are business expansion and job creation/retention respectively. The expansion of business services by the Cisco's Bakery will have the potential to increase preexisting patronage. Based on the reductions in operational expenses and making physical improvements to the property Cisco's Bakery will have a need to add at least 2 additional employees. Of the 2 jobs to be created, a minimum of 2 full time equivalent (FTE) jobs will

be required to be reserved for low to moderate income persons. Federal and Program guidelines require that loan recipients create 1 full time job for every \$35,000 of investment provided with federal funding. In order to earn full credit, jobs must be created/retained for a minimum period of two years.

10. How will the funding from the proposed loan be utilized? How will the loan make it possible for the applicant to create the additional jobs? (Council Member Raul Alvarez)

(1). How will the funding from the proposed loan be utilized? NCMP funding is ear-marked for reconstruction of buildings that were lost from a New Years Eve fire. Physical improvements were identified that would allow Austin Lumber to recover to revenue streams that were achieved prior to the accident. Likely expenses include, to some extent, the purchase of supplies, equipment and cost of labor for the fabrication of three preexisting structures.

(2). How will the loan make it possible for the applicant to create the additional jobs? NCMP funding enables Austin Lumber to meet both the primary goal of the business and NCMP which are business expansion and job creation/retention respectively. The recovery of lost capacity for services and products will provide Austin Lumber the ability to potentially reclaim lost revenues. As a result of restoring Austin Lumber to full-operations, Austin Lumber will have a need to add at least 8 additional employees. Of the 8 jobs to be created and or retained, a minimum of 5 full time equivalent (FTE) jobs will be required to be reserved for low and moderate income persons. Federal and Program guidelines require that loan recipients create 1 full time job for every \$35,000 of investment provided with federal funding. In order to earn full credit, jobs must be created/retained for a minimum period of two years.

36. Has it been determined that the commercial use on 103 Red Bud Lane is grandfathered? If not, please explain. Is it possible to zone this property commercial under the current posting? (Council Member Raul Alvarez)

As best as can be determined, 103 Red Bird is not grandfathered, although the property owner maintains that it is. The property was annexed into the city on 10-21-69 and the earliest record that we have indicates a business at the site in 1971.

Staff has suggested an alternative recommendation that would make the property legal regardless of the grandfathered status. The alternative would be CS-MU-CO-NP, limiting the uses to those allowed under LO zoning with the addition of Construction Sales and Service (current use). In addition, the PC recommended that a 30' natural vegetative buffer be applied to the western side of the property adjacent to the existing single-family.

The neighborhood still prefers single-family zoning, but has suggested that LO might be OK. The property owner, as far as is understood, agrees to this.