



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 51
AGENDA DATE: Thu 06/23/2005
PAGE: 1 of 2**

SUBJECT: Approve the negotiation and execution of a loan to Brenda and Billy McGowan d.b.a. Mrs. B's Cajun and Creole Restaurant, Austin, Texas, in compliance with applied federal requirements, including Code of Federal Regulations, Title 24 Section 85.40 performance goals, under the Neighborhood Commercial Management Loan Program in an amount not to exceed \$250,000 to construct leasehold improvements and purchase of fixtures necessary to outfit the restaurant to be located at 1050 East 11th Street. Loan is subject to completion of the federal environmental assessment and fund release process.

AMOUNT & SOURCE OF FUNDING: \$100,000 of funding is available in the Neighborhood Housing and Community Development Department Special Revenue Fund - East 11th and 12th Street Section 108, and \$150,000 of funding is available in the Neighborhood Housing and Community Development Department Special Revenue Fund - Neighborhood Commercial Management Program Section 108.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Neighborhood Housing **DIRECTOR'S**
DEPARTMENT: and Community **AUTHORIZATION:** Paul Hilgers
Development

FOR MORE INFORMATION CONTACT: Paul Hilgers, Director, Neighborhood Housing and Community Development, 974-3108.

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

MBE / WBE: N/A

This action authorizes the negotiation and execution of a subordinate loan to Brenda and Billy McGowan (d.b.a. Mrs. B's Cajun and Creole Restaurant) in an amount not to exceed \$250,000 in Section 108 Loan under the Neighborhood Commercial Management Loan Program (NCMP) and the East 11th and 12th Streets Section 108 Program for the construction, leasehold improvement, and the equipment necessary to outfit the restaurant to be opened at 1050 East 11th Street.

The purpose of the Neighborhood Commercial Management Loan Program (NCMP) is to assist in revitalizing blighted or depressed commercial districts by providing financial assistance to eligible small businesses within the City of Austin's city limits in exchange for job creation or retention for low and moderate income individuals. The NCMP loan approval process includes a review and analysis by NHCD staff and by a loan committee consisting of bankers, real estate professionals, and community representatives.

Brenda and Billy McGowan have operated Mrs. B's Cajun and Creole Restaurant since 2001. From 1996



**RCA
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 51
AGENDA DATE: Thu 06/23/2005
PAGE: 2 of 2**

to 2001, the McGowans operated McGowan's Cajun Kitchen in Plugerville. In an attempt to expand operations, the McGowans are proposing to open a second restaurant in the new Eleven East project in East Austin on East 11th Street.

The terms of the proposed loan will be as follows:

Project cost approximately \$479,209.

A maximum NCMP loan of \$250,000 with a fixed interest rate of 3% for a term of 15 years.

BIG Austin is providing a \$44,209 loan for a period of three (3) years.

ARA is providing a total of \$135,000 in buildout assistance.

The owner is providing \$50,000 in equity.

The City loan will be subordinate to the BIG Austin financing.

Mrs. B's will add a total of twenty four (24) staff positions, or the equivalent of 12 FTE.

At least 7 will be made available to low-moderate income residents. (One [1] FTE position for every \$35,000 in NCMP loan funds)

The Staff of Neighborhood Housing and Community Development Department recommends approval of this transaction based on the financial strength of the borrowers, the strength of the owners/guarantors, the owner's commitment to this project and the positive impact on the community.

Approval of this loan is consistent with NHCD's 2000-2005 Consolidated Plan. The Consolidated Plan states specifically that NHCD will provide flexible capital in the form of gap financing to businesses in blighted or depressed commercial districts to create or retain jobs for low-moderate income residents.

Approving this loan will also further the Department's Mission: "... to provide housing, community, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency."