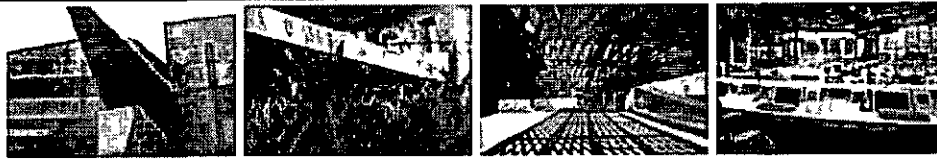


A U S T I N C I T Y C O U N C I L

AGENDA



Thursday, December 07, 2006

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Neighborhood Housing and Community Development RECOMMENDATION FOR COUNCIL ACTION

ITEM No 5

Subject Approve the negotiation and execution of a loan to Visions In Rhythm d/b/a Tapestry Dance Company, Austin, TX, in compliance with applicable federal requirements, including Title 24 Code of Federal Regulations Section 85 40 performance goals, under the Neighborhood Commercial Management Loan Program in an amount not to exceed \$100,000 to complete leasehold improvements to the property located at 2302 Western Trails, Austin, TX

Amount and Source of Funding Funding is available in the Neighborhood Housing and Community Development Department Special Revenue Fund - Neighborhood Commercial Management Program Section 108 This loan is subject to completion of the federal environmental assessment and fund release process

Additional Backup Material

(click to open)

No Attachments Available

For More Information Paul Hilgers, Director, Neighborhood Housing and Community Development, 974-3108

This resolution authorizes the negotiation and execution of a subordinate loan to Visions of Rhythm in an amount not to exceed \$100,000 in Section 108 Loan funds under the Neighborhood Commercial Management Loan Program (NCMP) for the purposes of leasehold improvements to the property located at 2302 Western Trails, Austin, Texas 78745

The terms of the proposed loan will be as follows Project cost approximately \$500,000 A maximum NCMP loan of \$100,000 with a fixed interest rate of 4 5% for a term of 8 years The fund use is as follows \$100,000 for hard costs associated with construction (100%) NCMP funding represents 20% of the total project cost

Regions Bank is providing an \$80,000 loan for a period of 5 years at 7 75% interest rate

Visions in Rhythm is providing \$50,000 in cash equity

Total owner financing and tenant finish allowance will be \$320,000

The City loan will subordinate to the bank loan, if necessary, in order to complete financing, but not beyond a 2nd lien position

Visions of Rhythm will add a total of (8) part-time employees (PTE), or the equivalent of 4 full-time employees (FTE)

At least 3 FTE positions or 6 PTE positions will be made available to low and moderate income persons (One [1] FTE position for every \$35,000 in NCMP loan funds)

Visions of Rhythm have operated since October 1989. Currently, Visions of Rhythm is located at 2302 Western Trails, Austin, Texas 78745. In an attempt to improve and expand operations, increase profitability and create jobs, the Visions of Rhythm is proposing to renovate and remodel the current business location with hopes of purchasing the facility in the next 13 to 14 months.

The purpose of the Neighborhood Commercial Management Loan Program is to assist in revitalizing 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 advisory committee consisting of bankers, real estate professionals, and community representatives. On October 19, 2006, the NCMP Loan Advisory Committee and program staff approved Visions of Rhythm for a loan in the amount of \$100,000.

Staff 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."