

AGENDA



Recommendation for Council Action

Austin City Council - Commissioner's Court Meeting	Item ID	34547	Agenda Number	25.
Meeting Date:	8/28/2014	Department:	Economic Development	
Subject				
Authorize the negotiation and execution of a Family Business Loan Program, Section 108 loan to 1707 Airport Commerce, LLC, for a new hotel development project located at 1707 Airport Commerce Drive, in an amount not to exceed \$402,000.				
Amount and Source of Funding				
\$402,000 is available in the Fiscal Year 2013-2014 Economic Development Department Special Revenue Fund. This loan is subject to completion of the federal environmental review and HUD fund release process.				
Fiscal Note				
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.			
For More Information:	Kevin Johns, Director, Economic Development Department, (512) 974-7802			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				

Additional Backup Information

1707 Airport Commerce, LLC will construct a new hotel located at 1707 Airport Commerce Drive to provide additional hotel space for large Austin events including Austin City Limits, SXSW and Circuit of the Americas.

1707 Airport Commerce, LLC is requesting that the City provide a federally-funded HUD Section 108 loan totaling \$402,000 through the Family Business Loan Program (FBLP) to fund inventory, working capital and non-construction related project costs. The total cost of the project is an estimated \$8,345,000.

This project will create 48 full-time jobs within five years, equivalent to one full-time job for every \$8,375 in loan funds, exceeding HUD standards. Per HUD requirements, FBLP borrowers are required to create at least one full-time job for every \$35,000 in loan funds borrowed.

1707 Airport Commerce, LLC is a local, minority-owned, small business. The owners have built, owned or managed hotels and other businesses in Austin and around Texas for the past 14 years. One of the partners currently owns and operates two hotels in Austin, while the other partner's legal practice focuses on the hospitality industry.

The FBLP Loan Review Committee recommended approval of this loan to 1707 Airport Commerce, LLC based on the owner's history of creating successful business ventures and financial strength, the projected financial strength of this venture, and the project's job creation potential. The project is consistent with the FBLP program's mission to fund small business expansions that will create jobs, and with all HUD Section 108 program guidelines.

