



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

**AGENDA ITEM NO.: 12
AGENDA DATE: Thu 06/09/2005
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SUBJECT: Approve the negotiation and execution of a loan to WHITE BIRD MONTESSORI SCHOOL, Austin, TX, in compliance with applicable federal requirements, including Code of Federal Regulations Title 24 Section 85.40 performance goals, under the Neighborhood Commercial Management Program in an amount not to exceed \$135,000 for the acquisition of real property located at 9000 Manchaca to relocate the school from leased property.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Neighborhood Housing and Community Development Department Special Revenue Fund - Section 108, Fiscal Year 2004-2005.

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 resolution authorizes the negotiation and execution of a subordinate loan to White Bird Montessori School in an amount not to exceed \$135,000 in Section 108 Loan funds under the Neighborhood Commercial Management Loan Program for the acquisition of the real estate located at 9000 Manchaca for the relocation of the school from a leased property, pending Environmental Review and Fund Release by the U.S. Department of Housing and Urban Development.

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.

White Bird Montessori School has been in operation since 1995 in leased space. The school currently has 62 students and 11 full time positions. Once the school is relocated they will be able to increase enrollment to 100 students and add 14 new full time positions.

The terms of the proposed loan will be as follows:



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The total cost associated with this project is \$365,000.

An NCMP loan of \$135,000 with a fixed interest rate of 3% for a term of 25 years fully amortizing with monthly principal and interest payments of \$640.19.

The Austin Community Development Corporation (ACDC) will provide a loan of \$200,000.

The owner is providing \$30,000 in equity.

The City loan will be subordinate to the ACDC financing.

White Bird Montessori School will provide at least 3 positions to low-moderate income residents. (One [1] FTE position for every \$35,000 in NCMP loan funds)

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."