

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	38156	Agenda Number	32.
---------------------	---------	-------	---------------	-----

Meeting Date:	12/11/2014	Department:	Economic Development
---------------	------------	-------------	----------------------

Subject

Authorize negotiation and execution of a Family Business Loan Program Section 108 loan to Jose Luis Salon for the opening of a new salon located at 1100 South Lamar Boulevard, in an amount not to exceed \$523,727.

Amount and Source of Funding

\$523,727 is available in the Fiscal Year 2014-2015 Economic Development Department Special Revenue Fund. This loan is subject to completion of the federal environmental review and HUD fund release process.

Fiscal Note

There is no unanticipated fiscal impact. 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; Xavier Zarate, Loan Officer, Economic Development Department, (512) 978-2502
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Jose Luis Salon is opening a new 3,056 square foot salon in the Lamar Union, located at 1100 South Lamar Boulevard. The new salon will contribute to creating a high density, walkable community that will benefit the local neighborhood and reduce downtown traffic. This project will also create 16 new jobs for low-to-moderate income persons.

Jose Luis Salon is requesting that the City provide a Family Business Loan Program (FBLP) loan totaling \$523,727 to purchase equipment, provide working capital, and refinance an existing loan. Wells Fargo will provide additional funds for finish-out of the facility. The project's total estimated cost is \$1,300,318.

This project will create 16 full-time jobs within five years, exceeding HUD minimum standards for a loan of this amount. Per HUD requirements, FBLP borrowers must create at least one full-time job for every \$35,000 in loan funds borrowed, and this project will create one full-time job for every \$32,723 in loan funds.

The FBLP Loan Review Committee recommended approval of this loan to Jose Luis Salon 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. Final execution of this loan is subject to completion of the environmental review and HUD's release of funds.