

AGENDA



Recommendation for Council Action

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| Austin City Council | Item ID | 38335 | Agenda Number | 33. |
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| Meeting Date: | 12/11/2014 | Department: | Economic Development |
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Subject

Authorize negotiation and execution of Family Business Loan Program Section 108 loan to Rosa Santis to provide funding for the refinance and renovation of an existing property at 4901 East Cesar Chavez, in an amount not to exceed \$800,000.

Amount and Source of Funding

\$800,000 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.

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| 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

Rosa Santis will refinance and renovate an existing property located at 4901 East Cesar Chavez, Austin, Texas, 78702. The renovated facility will offer fitness and exercise options, including yoga and Brazilian martial arts (capoeira), within walking distance of low-to-moderate income communities. Additionally, this project will create 25 new jobs for low-to-moderate income persons.

Rosa Santis is requesting that the City provide a federally-funded HUD Section 108 loan totaling \$800,000 through the Family Business Loan Program (FBLP) to fund refinancing of the property and working capital. The total cost of this project is an estimated \$2,094,000.

This project will create 25 full-time jobs within five years, equivalent to one full-time job for every \$32,000 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.

The FBLP Loan Review Committee recommended approval of this loan to Rosa Santis, 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's mission to fund small business expansions that will create jobs, and with all HUD Section 108 program guidelines.