



Recommendation for Action

File #: 20-1747, **Agenda Item #:** 88.

3/26/2020

Posting Language

Approve a resolution authorizing the creation of a temporary Austin Economic Injury Bridge Loan Program and guidelines to permit the use of available Section 108 funding to provide economic injury disaster loans to small and non-profit businesses in accordance with the U.S. Housing and Urban Development and U.S. Small Business Administration guidelines and regulations.

Lead Department

Economic Development Department

Fiscal Note

Funding in the amount of \$5,704,577 is available in the FY 2019-2020 HUD Section 108 Family Business Loan Program Special Revenue Fund.

Prior Council Action:

May 24, 2012 - Council approved Resolution 20120524-015 creating the Family Business Loan Program and Ordinance 20120524-016 to authorize the Family Business Loan Program's fees; August 29, 2013 - Council approved Resolution 20130829-027 authorizing the acceptance of \$8,000,000 in grant funds from the U.S. Department of Housing and Urban Development (HUD) Section 108 Family Business Loan Program; February 25, 2016 - Council approved Resolution No. 2016 0225-013 authorizing issuance of a note and contract with HUD in an amount not to exceed \$3,000,000 to fund the program; August 31, 2017 - Council approved Resolution No. 20170831-010 authorizing issuance of a note and contract with HUD in an amount not to exceed \$5,000,000 to fund the program.

For More Information:

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Additional Backup Information:

The global spread of Covid-19 has resulted in unprecedented health and economic impact to Austin's citizens and small business community. Consistent with guidance from the U.S. Centers for Disease Control and Prevention (CDC), State and local public health authorities, and in the interest of safeguarding our community, the City of Austin, like cities across the globe, has instituted social distancing measures to slow the progression of Covid-19, in an effort to reduce the overall impact and duration of the virus.

For many local Austin businesses, the economic impact began with the cancellation of Austin's Annual SXSW event, which was estimated to generated \$355.9 million in economic benefit to Austin's economy in 2019.

To address the economic impact to local businesses and provide support to retain employees until a recovery can begin the Economic Development Department is executing an Economic Injury Disaster Loan Program

The Economic Injury Disaster Loan program provides working capital loans for up to \$35,000 subject

to need for small businesses located in one of Austin's 10 districts, and that can demonstrate economic injury associated with COVID-19 global pandemic.

The program offers low-interest loans at extended terms to provide an economically injured business the ability to distribute a loss over an extended period of time, thus mitigating a sudden impact and injecting vital working capital to retain employees into a recovery period.

The Austin EIDLDP is designed to work as gap financing in conjunction with an applicant's request for federal assistance from the Small Business Administration (SBA) Economic Injury Disaster Loans as funding become available.

In FY 2019-20, the Family Business Loan Program Fund has \$1.2M available for loans.

Strategic Outcome(s):

Economic Opportunity and Affordability.