



Legislation Text

File #: 10-1253, **Version:** 1

HEARING - Department of Human Services (DHS) recommending the Board conduct a public hearing to consider and adopt a Resolution to:

- 1) Authorize a change in criteria for program implementation under Fiscal Year 2008-09 Community Development Block Grant (CDBG) Enterprise Component Grant 08-EDEF-5877 to increase the microenterprise loan purposes from Facade Improvement Loans to include start-up and expansion loans; and
- 2) Authorize the submittal of the change to the California State Department of Housing and Community Development. (Est. Time: 10 Min.)

FUNDING: Federal CDBG Grant Funds.

Resolution 176-2010

Fiscal Impact/Change to Net County Cost: There is no cost associated with implementing a change in eligible loan purposes.

Background:

The Microenterprise Assistance and the Business Assistance Loan Programs were established by the County and funded through an award from the California State Department of Housing and Community Development (HCD) Community Development Block Grant (CDBG) Economic Development Allocation. The Microenterprise Assistance Program provides technical assistance services and loans ranging between \$1,000 and \$25,000 for eligible applicants seeking business start-up or current business owners, where the business will have or has five (5) or fewer employees, including the owner(s). The applicant must earn 80% or below of the area median income based on household size. The business must operate in the unincorporated areas of El Dorado County. Loan funds can be used for working capital, purchase of supplies and equipment, property acquisition and leasehold improvements. The Business Assistance Loan Program provides loans ranging between \$5,000 and \$100,000 to start-up or expanding businesses. Businesses are required to create or retain one full-time equivalent job for up to every \$35,000 loaned, and a minimum of 51% of the jobs created are to be filled by persons earning at or below 80% of the area median income at the time of hire. The business must operate in the unincorporated areas of El Dorado County. Loan funds can be used for working capital lines of credit, inventory purchases, equipment acquisition, real property acquisition, construction and rehabilitation, and furniture and fixtures.

To date, the Microenterprise Assistance Program has provided technical assistance services to sixty-five (65) microenterprise owners and prospective entrepreneurs. The Microenterprise Assistance and Business Assistance Loan Programs have provided \$595,000 in loans to eleven (11) business owners. As client loans are repaid, the funds are deposited into a revolving loan fund and are then made available as loans to new applicants, as required by the Program Income Reuse Plan approved in 2008 by HCD and Board of Supervisors Resolution #08-2008.

Reason for Recommendation:

On December 16, 2008, the Board of Supervisors approved submittal of an application under the 2008 Community Development Block Grant (CDBG) Enterprise Component Notice of Funding Availability for \$300,000 to provide loans to income-eligible business owners for the specific purpose

of making exterior facade improvement and repairs to commercial structures in which an eligible microenterprise is located. Loan funds can be used by applicants to improve the visual quality of the front facade of commercial buildings with painting, lighting, windows, doors, and other restoration or decorative additions. HCD awarded the grant and executed Standard Agreement #08-EDEF-5877 with the County of El Dorado on October 5, 2009, with a grant term that expires on December 31, 2011.

The grant award is currently limited to Microenterprise Facade Improvement Loans only. Increasing the loan purposes to include general microenterprise start-up and expansion loans as described in the Microenterprise Loan Program Guidelines submitted as part of the grant application will allow greater flexibility in meeting the comprehensive needs of eligible small business owners in unincorporated El Dorado County during the term of the grant. No amendment to Standard Agreement #08-EDEF-5877 will be required to implement the change.

Increasing loan purposes addresses the Economic Development measures of establishing a facade loan program and small business revolving loan fund to provide for business retention and expansion, and entrepreneurial attraction as identified in the El Dorado County Economic Development Strategy dated October 2, 2007.

Action to be taken following Board approval:

Board Clerk to provide Human Services, Housing, Community and Economic Development Program at Briw Road with three (3) certified Resolutions signed by the Chair.

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Concurrences: N/A