



Community Development Authority
AGENDA BRIEFING MEMORANDUM

AGENDA DATE: March 5, 2020

SUBJECT:

Community Development Block Grant – Economic Development Funds
Micro-Enterprise Financial Assistance Program

PREPARED BY:

Matthew Rejc, Manager of Neighborhood Services

EXECUTIVE SUMMARY:

Department of City Development - Division Neighborhood Services recommends that permission be granted to the Community Development Authority to enter into a Memorandum of Agreement with the City of Racine for management of the Micro Enterprise Financial Assistance Program (Micro Fund).

BACKGROUND AND ANALYSIS:

In 2018, the City of Racine Community Development staff and Small Business Development Organization partners identified the need for funding for early stage microenterprise businesses. As defined by HUD, microenterprises are businesses with no more than five (5) employees, where one of those employees owns over 51% of the business. In response to this need, the Common Council voted to authorize Community Development Block Grant (CDBG) funds for expansion of economic development activities to create a microenterprise financial assistance program. The proposed Microenterprise Revolving Loan Fund offers loans from \$3,000 to \$15,000 to City of Racine-based, owner-operated microenterprises that have been in operation for six (6) months to three (3) years. Under the previous structure, project applications for the Micro Fund were released annually and graded on a competitive scale by department staff. Successful applications were then reviewed and approved by the Redevelopment Authority of Racine (RDA). Final funding decisions for the Micro Fund were approved by the RDA and forwarded to Common Council.

Department staff recommends that the CDA and the City of Racine enter into a MOU to ensure that fund capitalization from the annual CDBG allocations be approved by Common Council via recommendations of the Community Development Block Grant Advisory Board, and that management duties for the Micro Fund be assumed by the Community Development Authority.

BUDGETARY IMPACT:

The Common Council via a recommendation from the Community Development Committee (now the Community Development Block Grant Advisory Board) approves funding allocations from the annual CDBG entitlement funds to the Micro Fund. There are sufficient funds allocated to this program in the FY19 CDBG Annual Plan.

RECOMMENDED ACTION:

Staff recommends that the Community Development Authority be authorized to enter into an MOU with the City of Racine for management of the Micro Enterprise Financial Assistance Program, per established program guidelines.