



## Redevelopment Authority AGENDA BRIEFING MEMORANDUM

**AGENDA DATE:** December 6, 2018

**SUBJECT:**

Microenterprise Revolving Loan Fund Update

**PREPARED BY:**

Matthew Rejc, Manager of Housing and Community Development

**EXECUTIVE SUMMARY:**

Department of City Development - Division of Housing and Community Development has updated the Microenterprise Revolving Loan Fund terms and intends to release a Notice Of Funding Availability (NOFA) in December.

**BACKGROUND AND ANALYSIS:**

The Microenterprise Revolving Loan Fund ('Micro Fund') targets business owners supporting households with low/moderate incomes, and encourages reinvestment in Racine's retail and commercial corridors. Further, the Micro Fund aims to ensure that Racine residents have access to Foxconn-related opportunities through entrepreneurship. City Development staff initially presented on the Micro Fund in October, and have updated the structure of the program. Staff anticipates the release of the Micro Fund NOFA in December, and the implementation of an outreach and marketing strategy to ensure maximum exposure and response to the NOFA.

The proposed Micro Fund would offer loans from \$3,000 to \$15,000 to City of Racine-based, owner-operated microenterprises that have been in operation for at least six (6) months. The funding source for this program is the Federal Community Development Block Grant (CDBG) program, which requires that the owners of awarded businesses are members of low-/moderate-income households. Applicants recommended for approval will be reviewed and approved by the Redevelopment Authority (RDA).

Some changes to the originally proposed guidelines and rules have been proposed and include the following:

- Applicant businesses that are principally owned by women or minorities will receive additional points in the scoring matrix used to review applications
- Applicant businesses located in areas with active BIDs and business associations will also receive additional points in the scoring matrix
- Application fee reduced from \$175 to \$50

The NOFA is expected to be open for about 4-5 weeks from December to January, with the intent that applications can be reviewed in January after closing the NOFA. City Development staff recommends that the group charged with reviewing applications for the Micro Fund be composed of about 4-6 members, including at least one banking professional or CPA, a commercial real estate or construction professional, a major employer representative, and two non-applicant small business owners, along with City Development staff. Final funding recommendations are expected to be brought to the February RDA meeting. But because unexpected delays could arise following the launch of this new program, funding recommendations may need to be brought to a later meeting instead.

