



Recommendation for Action

File #: 23-3189, Agenda Item #: 7.

12/14/2023

Posting Language

Authorize negotiation and execution of a U.S. Department of Housing and Urban Development Section 108 Family Business Loan agreement with 11E5 LLC for the purchase of equipment, soft costs, and working capital for an event space located at 1121 East 7th Street, Austin, Texas 78702 in an amount not to exceed \$1,521,883.

Lead Department

Economic Development Department.

Fiscal Note

Funding in the amount of \$1,521,883 is available in the Fiscal Year 2023-2024 U.S. Department of Housing and Urban Development (HUD) Section 108 Family Business Loan Program (FBLP) Fund Operating Budget of the Economic Development Department.

Prior Council Action:

May 24, 2012- Council approved Resolution No. 20120524-015 creating the FBLP and Ordinance No. 20120524-016 to authorize the FBLP fees.

August 29, 2013- Council approved Resolution No. 20130829-027 authorizing the acceptance of \$8,000,000 in grant funds from HUD Section 108 FBLP.

February 25, 2016- Council approved Resolution No. 20160225-013 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.

November 30, 2023- Council approved Resolution No. 20231130-009 to modify the FBLP guidelines and criteria to increase the maximum loan amount and establish an approval process for proposed loans exceeding the maximum loan amount.

For More Information:

Sylvia Holt-Rabb, Director, Economic Development Department, 512-974-3131;

Xavier Zarate, Small Business Division Manager, Economic Development Department, 512-978-2502.

Additional Backup Information:

11E5 LLC seeks FBLP funding to finance a new event space located at 1121 East 7th Street Austin Texas 78702. 11E5 LLC will use the funding for equipment, soft costs, and working capital for operation of a site that provides approximately 10,000 square feet of event space.

The site sits within the northern edge of Plaza Saltillo transit-oriented district, within a quarter mile radius around the light rail station. The building that will house Assembly Hall is vacant, in need of remodeling and new life. The new venue will serve a wide variety of customers including corporations, non-profits, craft and food markets, product promotions, music and film performances, still photographic studio settings, private

family events such as weddings, anniversaries, reunions, and other gatherings.

11E5 LLC was founded in 2012 and has hosted over 700 events including annual fundraisers for non-profit organizations such as Out Youth, Cystic Fibrosis Foundation, Chive Charities, Explore Austin, Urban Roots, Whole Planet Foundation, and AIA Austin; cultural and community events such as Queerbomb, Renegade Craft Fair, Front Market, Texas Woodworking Festival, Austin Film Festival, Wine & Food Foundation of Texas, Austin Food & Wine Alliance, Mexic-Arte Museum's Taste of Mexico, and numerous exciting SXSW activations.

Approval of this loan is subject to the requirements of FBLP criteria and guidelines, Section III Program Details relating to maximum loan limits, approved by Resolution No. 20120524-015 and modified by Resolution No. 20231130-009.

The project will result in the creation of not less than 49 full-time jobs within five years, of which 51% or more will be offered to low-to-moderate income persons: equivalent to approximately one job for every \$31,058 in FBLP 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 11E5 LLC. based on the owner's history of creating a successful business enterprise, financial strength of the transaction and owner's commitment to job creation benefiting low-to-moderate individuals as defined by HUD. This project is consistent with HUD Section 108 guidelines and the FBLP mission as approved by Resolution No. 20120524-015 and amended by Resolution No. 20231130-009 to fund small business expansion that creates jobs.