Legislation Details (With Text)

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		In control:	Urban Renewal Agency
On agenda:	5/26/2020	**Final action:**	5/26/2020
Title:	Fairview Urban Renewal Area Small Business Forgivable Loan Program Ward(s): 2 and 3 Board Member(s): Nanke Neighborhood(s): SEMCA Result Area(s): Strong and Diverse Economy		
Sponsors:			
Indexes:			
Code sections:			
Attachments:			

Date	Ver.	Action By	Action	Result
5/26/2020	1	Urban Renewal Agency	approved	Pass

TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Kristin Retherford, Urban Development Department Director

SUBJECT:

Fairview Urban Renewal Area Small Business Forgivable Loan Program

Ward(s): 2 and 3
Board Member(s): Nanke
Neighborhood(s): SEMCA
Result Area(s): Strong and Diverse Economy

ISSUE:

Shall the Agency Board forgive the remaining loan balances for recipients of the Fairview Urban Renewal Area Small Business Forgivable Loan Program and close the program?

RECOMMENDATION:

Forgive the remaining loan balances for recipients of the Fairview Urban Renewal Area Small Business Forgivable Loan Program (FURA Loan) and close the program.

SUMMARY:

The three FURA Loan recipients have paid down the majority of the combined loan principle of $1,027,397. There is an opportunity for the Agency to help these small businesses during the economic uncertainty of the COVID-19 pandemic by forgiving the remaining loan balance of $277,053. These businesses would have been eligible for grants had they been located in the North Gateway URA, Riverfront Downtown URA, or West Salem UR; however, the Fairview URA plan does not include a grant program.

FACTS AND FINDINGS:

The businesses being considered for loan forgiveness are The Traditional Company (Wandering Aengus), Organic Fresh Fingers (Fresh n' Local Foods) and Gilgamesh Brewing. Their original loans total $1,027,397 to $1.6 million in improvement value in the Fairview URA and an increase in 56 jobs. Two of the businesses have added more equipment and manufacturing lines since their FURA Loan.

The Urban Development Department will track investments and new jobs made by these firms as they report them through the enterprise zone program and will provide this information to the City Council through quarterly economic development reports.

BACKGROUND:

The Fairview URA was created in 1984. All the projects in the URA plan have been completed and tax increment is no longer collected. Some of the remaining funds were used to encourage small, local businesses to convert vacant buildings to manufacturing spaces and grow jobs following the 2008 recession. The FURA Loan was established in February 2011 as the funding mechanism to help spur economic development activity in the area.

To qualify, applicants had to demonstrate business growth through at least two years of tax returns, along with a business plan and other supporting documentation, as evidence they could pay the loan and create new employment opportunities. Loan funds were disbursed as the projects were completed. Applicants submitted annual employment reports to request loan forgiveness at a rate of $2,800 per new full-time employee; up to seventy percent of the loan amount.

This approach was taken because it was the first program in the evolution of what became larger grant programs in other urban renewal areas, and the first time the Agency considered a URA funding program for businesses that could be as high as $350,000, which could be enforceable and secured by collateral. The Agency adopted changes to grant programs in the other URAs in 2014. Forgiving the remaining balance of $277,053 will align the Fairview URA with these areas. It will also provide financial relief to these small businesses struggling through the current national emergency.

Tory Banford
Project Manager

Attachments:

1. None

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