

INTRODUCED: November 9, 2020

A RESOLUTION No. 2020-R062

To express the City Council's support for the Economic Development Authority of the City of Richmond, Virginia and the City of Richmond's Department of Economic Development proposed plan to provide short-term financial relief during the COVID-19 pandemic in the form of deferred payments to borrowers of loan programs administered by the Economic Development Authority of the City of Richmond, Virginia and the City of Richmond's Department of Economic Development.

Patron – Mayor Stoney and Mr. Jones

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: DEC 14 2020 AT 6 P.M.

WHEREAS, the City Council approved appropriations from the General Fund and Community Development Block Grants (CDBG), including the Section 108 Loan Guarantee Program, to provide the initial funding to create loan programs administered by the Economic Development Authority of the City of Richmond and the City of Richmond's Department of Economic Development; and

WHEREAS, the Economic Development Authority of the City of Richmond administers the following loan programs: Neighborhoods In Bloom Revolving Loan Fund (NIB), Citywide

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: JAN 11 2021 REJECTED: _____ STRICKEN: _____

Revolving Loan Fund (CWRLF), Commercial Area Revitalization Effort (CARE), Contractor Assistance Loan Program (CAP), Economic Development and Housing Revolving Loan Fund (EDHRLF), and

WHEREAS, the City of Richmond, through its Department of Economic Development, administers the MicroEnterprise Loan; and

WHEREAS, such loan programs support the continuity of businesses in the city and, as borrowers recover from the fiscal impact of the COVID-19 pandemic, the Council is of the belief that additional relief is necessary in order to increase the potential of businesses to sustain capital for continued operations and payroll expenditures; and

WHEREAS, the Economic Development Authority of the City of Richmond, Virginia and the City of Richmond's Department of Economic Development have proposed a plan to provide a deferment period of up to six months for existing borrowers of the loan programs to assist businesses recovering from financial losses attributed to the COVID-19 pandemic; and

WHEREAS, because the continuity of the business operations helps to generate general fund revenue for the City of Richmond, the Council is of the further belief that it is in the best interests of the citizens of the city of Richmond that Council support the Economic Development Authority of the City of Richmond, Virginia's and the City of Richmond's Department of Economic Development's proposed plan to provide a deferment period of up to six months for existing borrowers of the loan programs administered by the Economic Development Authority of the City of Richmond, Virginia and the City of Richmond's Department of Economic Development to assist businesses recovering from financial losses attributed to the COVID-19 pandemic;

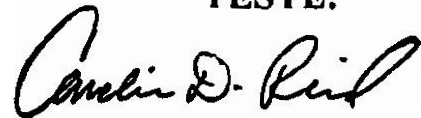
NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF RICHMOND:

That the Council supports the Economic Development Authority of the City of Richmond and the City of Richmond's Department of Economic Development proposed a plan to provide a deferment period of up to six months for existing borrowers of the loan programs administered by the Economic Development Authority of the City of Richmond and the City of Richmond's Department of Economic Development to assist businesses recovering from financial losses attributed to the COVID-19 pandemic.

A TRUE COPY:

TESTE:

A handwritten signature in black ink, appearing to read "Camelin D. Reed". The signature is written in a cursive style with a large initial 'C'.

City Clerk



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: September 21, 2020 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney *LMS*

THROUGH: Lenora G. Reid, Acting Chief Administrative Officer *lgr*

THROUGH: John B. Wack, Director of Finance *JBW*

THROUGH: Jay A. Brown, Director, Department of Budget & Strategic Planning *JAB*

THROUGH: Sharon Ebert, Deputy Chief Administrative Officer Planning and Economic Development *Sharon Ebert*

FROM: Leonard L. Sledge, Director Department of Economic Development *LLS*

RE: Deferment of loan payments due from borrowers of loan programs administered by the Economic Development Authority of the City of Richmond during the COVID-19 pandemic – Neighborhoods In Bloom Revolving Loan Fund (NIB), Citywide Revolving Loan Fund (CWRLF), Commercial Area Revitalization Effort (CARE), Contractor Assistance Loan Program (CAP), Economic Development and Housing Revolving Loan Fund (EDHRLF), and the MicroEnterprise Loan (MEL).

ORD. OR RES. No. _____

PURPOSE: This paper seeks the support of City Council for the Economic Development Authority to provide short-term financial relief in the form of deferred payments to borrowers of loan programs administered by the Economic Development Authority of the City of Richmond.

REASON: The Economic Development Authority of the City of Richmond administers loan programs. The General Fund and Community Development Block Grants (CDBG) provided the initial funding to create the loan programs. As such, the Economic Development Authority is seeking the support of City Council to provide a deferment period of up to six (6) months for existing bor-

rowers. The payment deferral period will help businesses recover from financial losses attributed to the COVID-19 pandemic.

RECOMMENDATION: The Administration recommends approval.

BACKGROUND: The **Commercial Area Revitalization Effort (CARE) Program** was established in 1992 as a comprehensive program for revitalizing the Hull Street commercial corridor between Commerce Road and Cowardin Avenue. The Program has since been expanded to twelve areas which include: Jackson Ward, North 25th Street; Brookland Park Boulevard, Hull Street, Midlothian Turnpike, Fulton Hill, Lombardy/Chamberlayne, Meadowbridge, North Avenue, Shockoe Bottom, Swansboro, and Jefferson Davis as CARE commercial corridors. Loans have been made to small businesses to accomplish the revitalization objectives. There are currently three outstanding CARE Program loans that have a total principle balance of \$142,812.42. There is currently no funding available to lend through the CARE Program.

Neighborhoods In Bloom Revolving Loan Fund (NIBRLF) was funded using CDBG funds from 2004 through 2008 and was initially administered by a third party (REDC). REDC ceased administering the program in 2013. At that time the remaining loan funds were transferred to the city, and the city assumed responsibility to administer the loan program. In 2017 the assets of the NIBRLF were transferred to create and fund the **Micro-Enterprise Loan Program**. There are currently four outstanding NIBRLF program loans that have a total principle balance of \$71,005.27. There is currently no funding available to lend through the NIBRLF. There are currently nine outstanding Micro-Enterprise Loan Program loans that have a total principle balance of \$309,895.95. \$400,132.75 is currently available to lend through the Micro-Enterprise Loan Program.

The Citywide Revolving Loan Fund was established by Ordinance 2011-31-40. CDBG funding in the amount of \$1,392,500 was used to create and start the program. There are currently twelve outstanding Citywide Revolving Loans that have a total principle balance of \$925,177.79. \$617,921.15 is currently available to lend through the Citywide Revolving Loan Fund program.

The Contractor Assistance Loan Program (CAP) was established by Ordinance 2010-218-203. City Council allocated \$1,000,000 from the General Fund to create and start the program. There are currently four outstanding CAP Program loans that have a total principle balance of \$104,791.24. \$673,621.56 is currently available to lend through the CAP Program.

FISCAL IMPACT / COST: There will be no cost or fiscal impact to the city. The value of the deferred loan payments to the EDA is approximately \$130,000.

FISCAL IMPLICATIONS: The fiscal implication to the city is supporting the continuity of businesses in the city as borrowers recover from the fiscal impact of the COVID-19 pandemic while increasing the potential of the businesses to keep employees on payroll and have operating capital. The continuity of the business operation helps to generate general fund revenue for the City of Richmond.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: TBD – General Fund Revenue

DESIRED EFFECTIVE DATE: Upon adoption.

REQUESTED INTRODUCTION DATE: October 12, 2020

CITY COUNCIL PUBLIC HEARING DATE: November 9, 2020

REQUESTED AGENDA: Consent.

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: The Economic Development Authority.

AFFECTED AGENCIES: Department of Economic Development

RELATIONSHIP TO EXISTING ORD. OR RES.: None

REQUIRED CHANGES TO WORK PROGRAM(S): None

ATTACHMENTS: None

STAFF: Leonard L. Sledge, Director – Department of Economic Development / (804) 646-7576; Rick Winston, Housing & Community Development Administrator – Department of Economic Development / (804) 646-5036