



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 5/5/2020

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HCD20-78 Harvey Economic Development Program Guidelines

Agenda Item#: 45.

Background:

The Housing and Community Development Department (HCDD) requests that City Council approve an ordinance adopting the attached guidelines for the Disaster Recovery (DR-17) Harvey Economic Development Program (HEDP) using Community Development Block Grant - Disaster Recovery (CDBG-DR) funds from the Texas General Land Office (GLO). These guidelines will provide a broad outline of what HCDD's HEDP will entail.

The HEDP consists of two subprograms: the Small Business Grants Program (SGP) and the Dream Fund Program (Dream Fund), a revolving loan fund. The SGP will provide technical assistance to a minimum of 100 local microenterprises and will provide capital grants of \$50,000.00 or \$100,000.00 to at least 200 small businesses. HCDD will competitively procure a vendor partner to provide technical assistance and grant underwriting for this program.

The Dream Fund Program shall create a sustainable revolving loan fund to provide business loans for qualified small contractors working on construction projects with the City of Houston in its efforts to rebuild post-Harvey. The Dream Fund shall provide a Line of Credit of \$150,000.00 maximum and/or a Term Loan of \$250,000.00 for eligible small contractors. HCDD will competitively procure a vendor partner to administer the revolving loan fund.

The HEDP prioritizes microenterprises, defined as businesses with five or fewer employees owned by low-income or minority individuals, or others who lack access to business capital and resources. Eligibility criteria for the HEDP is based on federal CDBG-DR guidance and regulations; to be eligible, applicants must be: 1) a low and middle-income (LMI) microenterprise business owner; or 2) a small business that serves low and middle-income areas; or 3) a small business that will create jobs for low-and-middle income individuals.

The HEDP's prioritization of low-and-middle income populations addresses Hurricane Harvey's disproportionate impact on low-income communities and households, which exacerbated the well-documented struggle to afford housing. Additionally, by establishing a revolving fund to assist small construction-sector businesses to develop, the program addresses the industry's labor shortage and Houston's ability to rebuild after the storm, increasing the City's resilience.

The program must be completed six years from the award of the contract to the City of Houston from the Texas General Land Office (GLO), HUD's direct recipient of Hurricane Harvey CDBG-DR funds. The projected timeline is to launch the program by January 2021, and close out by August of 2022.

No fiscal note is required on grant items.

The Housing & Community Affairs Committee reviewed this item on April 27, 2020.

DocuSigned by:


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