

# RESOLUTION OF THE CITY COUNCIL

No. 4

Approved January 8, 2010

WHEREAS, Job retention and job creation is a priority for the City of Providence and its residents; and

WHEREAS, Small businesses in Providence are the corner stone of stable, prosperous neighborhoods and they require assistance now more than ever; and

WHEREAS, Business attraction will grow the tax base and retention will stabilize the tax base; and

WHEREAS, In these difficult economic times, financing and credit for businesses have dissipated and the City desires to provide financing to fuel economic growth;

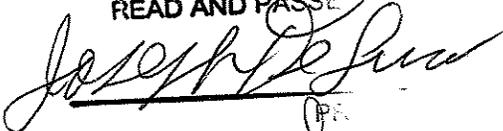
NOW, THEREFORE, BE IT RESOLVED, That the Providence City Council hereby authorizes Mayor David N. Cicilline to put forth an application to the United States Department of Housing and Urban Development, through the Department of Planning and Development, for a Section 108 loan in the amount of \$10,000,000 (Ten Million dollars).

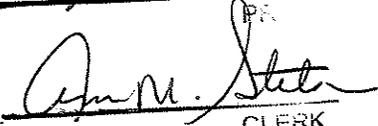
BE IF FURTHER RESOLVED, That said loan will be used for economic development activities in the City of Providence that will create and preserve jobs. The Section 108 funds will be used to recapitalize the revolving loan programs of the Providence Economic Development Partnership (PEDP) and establish new loan products as conditions demand. The PEDP will administer the funds on behalf of the City of Providence.

BE IT FURTHER RESOLVED, That said loan will be guaranteed by the City of Providence's annual Community Development Block Grant (CDBG) allocation and will be repaid from future CDBG allocations.

IN CITY COUNCIL

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READ AND PASSE

  
PR

  
CLERK

APPROVED



MAYOR 1/8/09 10<sup>AM</sup>

**Section 108 Application  
For the  
Recapitalization of the  
Economic Development Revolving Loan Fund**

**Purpose:** To provide a new infusion of capital to increase and retain jobs in the City of Providence utilizing existing programs (Revolving Fund and Micro Loan) and the establishment of two new programs – Innovation Start Ups and Creative Economy Sustainability Fund

**Application Amount:** \$10,000,000 (Ten Million dollars) from the Department of Housing and Development (HUD) 108 program

**Estimated Receipt of Funds:** December 2009

**Program Administration:** Through the Providence Economic Development Partnership by the existing Department of Planning and Development staff assigned to economic development activities

**Program Description:** The primary purpose of the loan programs are to provide financing for businesses acquisition, equipment, working capital to create or retain jobs in the City of Providence.

The City requires that under the *Revolving Loan Fund (RLF)* that for each \$35,000 invested in a business one full time job be created. Maximum loan amount is \$125,000 although the PEDP reserves the right to waive this amount when the project serves an important public purpose.

*Innovation Start Ups* (proposed program)- up to a \$5,000 grant for knowledge/creative economy start ups with PEDP taking an equity interest in the business. One job per loan.

*Creative Economy Sustainability Fund* (proposed program) – Up to \$20,000 to arts/creative businesses to sustain their place in the arts market place. Job retention activity

For further information contact Thomas E. Deller, AICP – Director or Amintha K. Cinotti, Deputy Director. Full application available on request.



City of Providence

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Planning and Development

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Thomas E. Deller, AICP  
Director

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Section 108 Application  
For the  
Recapitalization of the  
Providence Economic Development Partnership  
(PEDP) Revolving Fund

**Purpose:** To provide a new infusion of capital to increase and retain jobs in the City of Providence the Providence Economic Development Partnership existing programs (Revolving Fund and Micro Loan) and the establishment of two new programs - Innovation Start Ups and Creative Economy Sustainability Fund

**Application Amount:** \$10M from the Department of Housing and Development (HUD) 108 program

**Proposed Receipt of Funds:** Spring 2010

**Program Administration:** By the existing DPD staff assigned to economic development activities

**Program Description:** The primary purpose of the PEDP loan programs are to provide financing for businesses (acquisition, equipment, working capital) to create or retain jobs in the City of Providence.

The City requires that under the Revolving Loan Fund (RLF) that for each \$35,000 invested in a business one full time job be created. Maximum loan amount is \$125,000 although the PEDP reserves the right to waive this amount when the project serves an important public purpose.

Innovation Start Ups (propose program) - up to a \$5,000 deferred loan for knowledge/creative economy start ups with PEDP taking an equity interest in the business. One job per loan.

Creative Economy Sustainability Fund (proposed program) - Up to \$20,000 to arts/creative businesses to sustain their place in the arts market place. Job retention activity

**PROVIDENCE THE CREATIVE CAPITAL**

**David N. Cicilline, Mayor**

## Section 108 Loan Brief - \$10M application to HUD

Funds will be expended on the following type loans:

Revolving Loan Fund (RLF) -up to \$125,000 (with flexibility to accommodate larger, job creation projects of significant public benefit). 1 job created per \$35,000 of investment - \$8M

Innovation Start Ups – up to \$5,000 deferred loan for selected knowledge/creative economy start ups with PEDP taking an equity position in the business. One job per loan -\$1M

Creative Economy Sustainability fund (up to \$20,000) targeted to the Providence's existing and burgeoning arts community. \$1M

The City has undertaken a number of economic development studies and a strategic plan is in place to target resources based on economic sectors. The funds requested call out two of those sectors – Innovative Start Ups (technology and bio-medical) and Creative Economy Sustainability (design/arts sector) that have particularly affected by the current economic conditions. The RLF is a citywide program open to any business who can meet the job creation standard and underwriting guidelines approved by HUD.

The RLF will continue to provide funds for working capital, commercial expansion, acquisition of new or used equipment and the acquisition of real property. RLF funds may not be substituted for market rate, private or grant funding and are designed for use by businesses that have difficulty obtaining convention financing.

Throughout the City from 1992 to the present the RLF fund has:

Assisted 234 businesses – 98 new businesses  
Created 668 jobs  
Retained 1115 jobs

The Department of Planning and Development will be actively engaged in marketing the program at the neighborhood level so that all of our business people in all sections of the City have the opportunity to participate.