

# Local Fiscal Recovery Fund

Mountain Community Capital Fund Update

3/15/2022



# Background and Request

## Background:

- Board of Commissioners approved \$1.25M for the Mountain Community Capital Fund (MCCF) in November 2021
- This funding was allocated through the Local Fiscal Recovery Funding process
- The original application was submitted by Mountain BizWorks on behalf of the MCCF
- The MCCF is a joint program of Buncombe County, the City of Asheville and CDFIs

## Request:

- Board of Commissioners:
  - Conduct the public hearing, and
  - Approve the Resolution authorizing the \$1,250,000 economic development appropriation for the project as proposed



# Issue Summary

- Staff have conducted additional analysis of Treasury guidance and are recommending a program change
- The original program utilized funds for the loan guarantee program, however the guarantee is only utilized (expended) if a loan defaults
- It is expected that some, but not all loans may default and thus, may not generate an expenditure by December 31, 2026 as required by Treasury Guidance
- Staff worked with the CDFIs to define an approach that ensures compliance with Federal Guidelines while maintaining the original intent
- Due to the changes an additional public hearing is required (tentatively March 15<sup>th</sup>)
- No additional funds are requested



# Program Summary (Proposed)

- **Overview:** Small Business lending program
- **Purpose:** Create jobs by lending to small businesses that lack sufficient credit or collateral to access the needed capital to retain and create jobs
- **Population:** Small businesses founded by low-income entrepreneurs
- **Funding:** \$1,150,00 will be used for direct loans to businesses, and \$100,000 will be used for administrative costs.
- **Results (Proposed):** 90 businesses are expected to receive loans which will create or retain 320 jobs.
- **Additional Note:** This investment will leverage an additional \$1,150,000 which will be deposited into Mountain Community Capital Fund to serve as collateral offset/loan guarantee.



# Summary of Key Changes

| Component                        | Original                          | Proposed                          |
|----------------------------------|-----------------------------------|-----------------------------------|
| Program Manager                  | Self Help                         | Mountain BizWorks                 |
| Funding (Buncombe County)        | \$1.25M                           | \$1.25M                           |
| Use of Funding (Buncombe County) | Loan Guarantee                    | Direct Loans                      |
| Outcomes                         | 90 businesses<br>320 jobs created | 90 businesses<br>320 jobs created |
| Loan Guarantee Amount            | \$1.25M                           | \$1.25M                           |
| Loan Guarantee Source            | Buncombe County                   | Mountain BizWorks                 |



# Request for Board Action

## Request:

- Board of Commissioners:
  - Conduct the public hearing, and
  - Approve the Resolution authorizing the \$1,250,000 economic development appropriation for the project as proposed

