



CITY OF CONCORD

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REPORT TO MAYOR AND THE CITY COUNCIL

FROM: Matthew R. Walsh, Director of Redevelopment, Downtown Services, and Special Projects

DATE: May 9, 2022

SUBJECT: Revolving Loan Fund Appropriation (Fund #2701): FY2023 Appropriation

Recommendation

Accept this report and set the attached resolution authorizing continuation of the Revolving Loan Fund Program for FY2023, and appropriating the sum of \$1,131,746 associated therewith, for public hearing on June 13, 2022.

Background

The City's Revolving Loan Fund Program (Program) was established in 1984. The Program was initially capitalized with a Community Development Block Grant (CDBG) from the State of New Hampshire and the U.S. Department of Housing and Urban Development.

The purpose of the Program is to provide loans to support housing, social service agencies, licensed daycare centers, and economic development projects located within the City which benefit low to moderate income people (i.e. persons earning 80% or less of the area median income).

The Program is overseen by the City's Community Development Advisory Committee (CDAC) with support from City Administration. CDAC reviews and approves all loan applications to insure they are consistent with the goals and objectives of the City's Housing and Community Development Plan, as well as the Program Income Reuse Plan (PIRP).

Projects typically financed by the Program range from simple heating system and roof replacements at single family homes, to large-scale water and sewer main replacements in manufactured housing parks, to significant economic development projects that create or retain employment opportunities for low to moderate income people.

As of April 2022, the Program has 11 loans totaling \$621,410, combined. The portfolio's outstanding balance was \$479,352.

In addition, in January 2019, CDAC approved a \$335,000 loan to support recently completed water and sewer improvements at a resident owned manufactured housing cooperative. Closing will occur once various title issues at the property are resolved. Once closed, the loan will replace temporary financing provided by the NH Community Loan Fund's ROC Program.

Historically, the City Council has periodically appropriated revenues associated with principal and interest payments collected from loan recipients to re-capitalize the Program. The last re-appropriation occurred in December 2017 via Resolution #9060.

Discussion

City Administration requests that the City Council reauthorize the Revolving Loan Fund Program for FY2023, and appropriate the sum of \$1,131,746 associated therewith. These moneys are the Program's working capital (a.k.a. "fund balance") as of March 31, 2022. These dollars were derived from principal and interest payments received from loan recipients, as well as interest earnings on the Program's working capital.

In accordance with updated accounting practices recently implemented by Finance Department, the Revolving Loan Fund Program, will need to be re-authorized annually by the City Council. In addition, available working capital will be re-appropriated annually by the City Council. This process will generally occur simultaneously with the City Council's annual budget adoption process.

As such, the attached resolution reauthorizes and recapitalizes the Program for FY 2023.

Of the \$1,131,746 to be appropriated, \$5,000 will be reserved for administrative costs associated with managing and administering the Revolving Loan Fund Program. The remaining \$1,126,746 shall be available for loans.

Because the Program was originally capitalized with Community Development Block Grants, dollars associated with the Revolving Loan Fund cannot be used for any other purposes.

The waning of the Covid-19 Pandemic, coupled with inflation and rising interest rates, has renewed demand for the City's Revolving Loan Fund Program. If the Program is not reauthorized, projects potentially relying upon these funds would need to secure other, likely more expensive, sources of financing, thus potentially jeopardizing the ability of such projects to move forward.