

May 30, 2024

To: Mayor and Members of City Council

From: Sheryl M.M. Long, City Manager 

202401475

Subject: Emergency Ordinance – Operations Agreement – Access to Capital Fund

Attached is an Emergency Ordinance captioned:

AUTHORIZING the City Manager to execute an Operations Agreement with Build Cincinnati Development Fund LLC and Cincinnati Housing Development Fund LLC; **ESTABLISHING** a new Cincinnati Access to Capital Fund for the purpose of receiving and disbursing resources to provide a loan loss reserve for the Cincinnati Access to Capital program; **AUTHORIZING** the Director of Finance to redirect and appropriate \$3,000,000 from the Build Cincinnati Development Fund to the newly established Cincinnati Access to Capital Fund; and further **DECLARING** expenditures from the Build Cincinnati Development Fund and the Cincinnati Access to Capital Fund to be for a public purpose.

STATEMENT

The Access to Capital Program (ATC) will provide access to capital by providing credit enhanced loans for developers and contractors who have difficulty accessing traditional business credit and access to financing, with an (though non-exclusive) emphasis on cultivating minority-owned businesses or projects within the City's neighborhoods.

BACKGROUND

Established in 2003 and restructured in 2009, the City allocated approximately \$10.9 million to support the Cincinnati Housing Development Fund, now known as the Build Cincinnati Development Fund. These funds served as cash collateral for loans originated by Cincinnati Housing Development Fund LLC ("CHDF"), later transitioning to Build Cincinnati Development Fund LLC, ("BCDF"). This collaboration in partnership with several member banks with a significant presence in the City of Cincinnati, leveraged public funds for substantial private investment in the City.

ACCESS TO CAPITAL PROGRAM

The Department of Community and Economic Development (DCED) and Cincinnati Development Fund, Inc. (CDF) collaborated to form the Access to Capital Program (ATC). The purpose of the ATC Program is for CDF and participating lenders to provide credit-enhanced funding to small business contractors and developers that would not typically have readily available access to capital, with an (though non-exclusive) emphasis on cultivating minority-owned developers and contractors. The ATC Program is designed to help businesses and their communities thrive with a focus on community investment and economic growth.

To support the ATC Program, \$3,000,000 of uncommitted resources in the Build Cincinnati Development Fund will be redirected to the Cincinnati Access to Capital Fund so that the City can provide these resources as a loan loss reserve for the ATC Program. This funding will support loans originated by CDF, which may include partnerships with others. CDF will utilize the least amount of City credit enhancement necessary for each loan to proceed. Private capital will be leveraged to maximize impact. The ATC Program is in accordance with the “Live” goal to “create a more livable community” and strategy to “support and stabilize our neighborhoods” as described on pages 160-163 of Plan Cincinnati.

RECOMMENDATION

The Administration recommends approval of this Emergency Ordinance. The purpose of the emergency is to provide businesses valuable access to capital resources to facilitate growth and economic benefit to the City at the earliest possible time.

Attachment: Ordinance

Copy: Markiea L. Carter, Director, Department of Community & Economic Development