

October 27, 2016

To: Joan Davenport
City of Yakima

From: Maria DJ Rodriguez, Executive Director

Re: 2017 CDBG Funding Request - Microenterprise Technical Assistance \$50,000

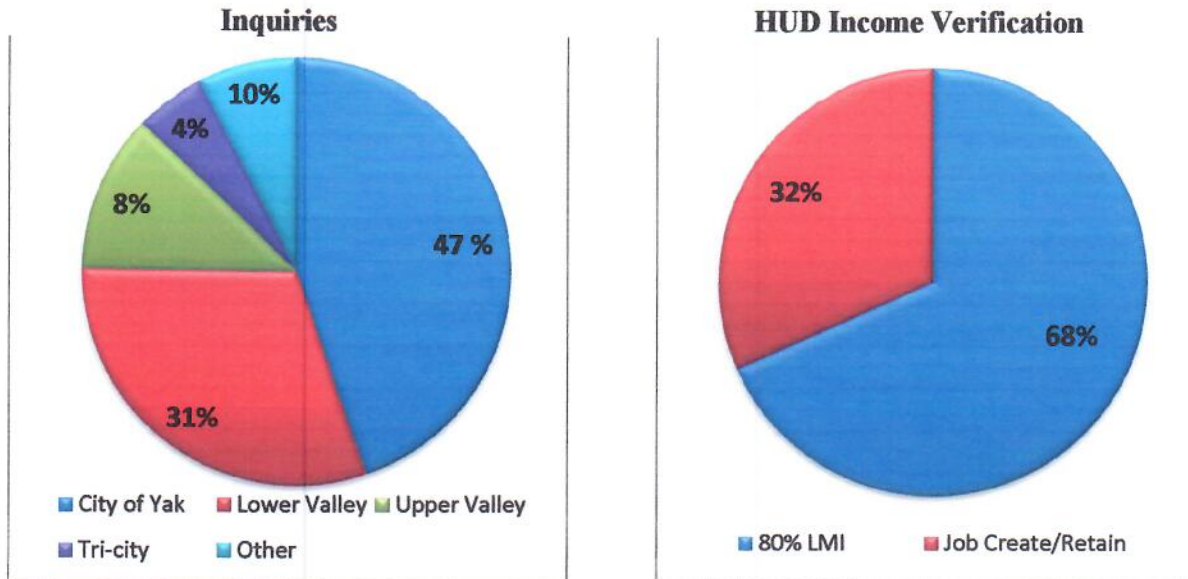
Rural Community Development Resources Center for Business Development (Center) is requesting \$50,000 from the City of Yakima's 2017 CDBG allocation for economic development within the city of Yakima. These funds will be utilized to provide technical assistance for hard to serve low income individuals that seek technical or financial assistance to start or expand a microenterprise as a form of job creation or retention within the City of Yakima.

The Center has an outstanding 25-year track record in assisting microenterprises with relevant and culturally sensitive business counseling & coaching, business plan development, educational workshops and access to financing. Additionally, the Center has been administering a revolving loan fund for over 20-years with a less than 3% default rate and 64% business retention making the Center one of the few successful alternative lenders within Washington State. The Center is also a certified Community Development Financial Institution (CDFI) by the Department of the Treasury and is a certified SBA Intermediary Lender. These designations are hard to obtain and maintaining that certification is based on outcome based performance and adequate and timely reporting requirements.

The City of Yakima's continued support to assist microenterprises to create jobs and assets for low income individuals has played a key role in the success of this program. With the CDBG dollars awarded, low income individuals can set up microenterprises, employ low income individuals, create assets and increase wealth. This in turn, gets invested back into the local economy. To date, the Center has leveraged loan outputs of over \$1.4 million within the City of Yakima.

Year	Direct Loans*	Total Invested	Jobs Created	Jobs Retained	% LMI
2008	7	\$105,000	8	11	57%
2009	8	\$111,668	9	11	50%
2010	7	\$171,612	6	10	71%
2011	5	\$ 67,101	3	3	80%
2012^	5	\$234,346	6	5	60%
2013	3	\$ 90,000	3	5	66%
2014	3	\$121,286	1	5	67%
2015	9	\$405,993	3	12	50%
2016‡	6	\$190,000	12	8	33%
TOTAL	53	\$1,497,006	51	70	59% Average
* Borrowers can obtain more than one loan					
^ No CDBG TA grant funds received					
‡ Results are current as of 9-30-16					

Of the total inquiries in as of September 30, 2016, 47% were from within the City of Yakima, and of those 68% were considered low income individuals.



It takes many hours of hands on technical assistance for each entrepreneur. Many times the smaller loans take more time than the bigger loans. The numerous hours spent is needed for long term success of the entrepreneur. Educational workshops on business financial management and business tax reporting are required and important. Learning about asset building as part of the training will create growth and long term sustainability.

RCDR has established strong partnerships with local banks. Representatives from banks serve on the Loan Credit Committee (LCC) to review and make recommendations on loan packages requiring funding. These partnerships have enhanced the ability to access loan capital funds.

The 2017 TA request will serve microenterprises that have five or fewer employees, which is consistent with HUD regulations. The services will include individual business assistance/coaching, educational workshops, business plan development, and loan packaging. Loans will be made available from other sources such as federal, state and or private banks for those microenterprises that qualify and reside within the City of Yakima.

The objectives for 2017 are as follows:

- 24 startups and expanding microenterprises will receive TA
- 10 loan packages and business plans will be developed
- 2 business tax seminars for 16 attendees
- 2 personal financial literacy seminars for 18 attendees
- 8 loans will be closed and funded

Local support is greatly needed to continue providing the needed TA for microenterprises to be successful, grow and create jobs for the local economy.