



Hallandale Beach Community Redevelopment Agency Agenda Cover Memo

Meeting Date:	April 15,2020		File No.	Item Type: (Enter X in box)	Resolution		Other	
			20-116		X		Click or tap here to enter text.	
Fiscal Impact: (Enter X in box)	Yes	No	Ordinance Reading: (Enter X in box)		1st Reading		2nd Reading	
		X	Public Hearing: (Enter X in box)		N/A		N/A	
Funding Source:	N/A		Advertising Requirement: (Enter X in box)		Yes	No	Yes	No
						X		
Account Balance:	N/A		RFP/RFQ/Bid Number:		N/A			
Contract/P.O. Required: (Enter X in box)	Yes	No	Project Number :		N/A			
		X						
Strategic Priority: (Enter X in box) Capital Improvements Goal 1 - Undertake Total Improvements of Public Realm <input type="checkbox"/> Goal 2 - Promote Public/Public and Public/Private Partnership <input type="checkbox"/> Promote Projects with Large-Scale Impacts Goal 1 – Issue a Request for Proposals (RFP) for NW infill Housing <input type="checkbox"/> Goal 2 – Issue a Request for Qualifications (RFQ) for Dixie Highway/Foster Road parcel <input type="checkbox"/> Priority Area: North West Quadrant <input type="checkbox"/> FEC Corridor <input type="checkbox"/> Southwest Quadrant <input type="checkbox"/> Northeast Quadrant <input type="checkbox"/> Southeast Quadrant <input type="checkbox"/>								
Sponsor Name:				Department:				

SHORT TITLE:

A RESOLUTION OF CHAIR AND BOARD OF DIRECTORS OF THE HALLANDALE BEACH COMMUNITY REDEVELOPMENT AGENCY, HALLANDALE BEACH, FLORIDA, ESTABLISHING THE CORONAVIRUS SMALL BUSINESS SUSTAINABILITY AND RECOVERY LOAN PROGRAM; ALLOCATING \$500,000 TO THE CORONAVIRUS SMALL BUSINESS SUSTAINABILITY AND RECOVERY LOAN PROGRAM; AUTHORIZING THE EXECUTIVE DIRECTOR TO TAKE ALL STEPS NECESSARY AND APPROPRIATE TO IMPLEMENT THE CORONAVIRUS SMALL BUSINESS SUSTAINABILITY AND RECOVERY LOAN PROGRAM; AND PROVIDING AN EFFECTIVE DATE.

STAFF SUMMARY:

Background:

On March 9, 2020 the City of Hallandale Beach executed a declaration of emergency in response to the deadly Coronavirus/COVID-19 pandemic that had begun to sweep the globe. Since the period surrounding the emergency declaration by National, State, County and Local government respectively, the virus has continued unabated, and the lives of those internationally, nationally and locally have been severely impacted. Thousands have died, stay at home orders, social distancing, self-isolation, and quarantine have become the buzzwords as cities have struggled to cope with the effects of the pandemic, and cities have been forced to shut down all non-essential businesses.

Due to stay at home orders, social distancing and quarantine, many businesses such as restaurants have been forced to move to a takeout or deliver model in order to try and survive. Businesses such as retail establishments deemed non-essential have been forced to close as the public has been told to stay home and not congregate in groups of more than 5-10 people at a time. The effect of these closures has meant that thousands of people locally, and millions of people nationally have lost their jobs. Many are now seeking unemployment, or as it is called in Florida, reemployment assistance in order to survive.

The shock of these business closures, the layoffs of thousands of people, and the uncertainty as to when life will return to normal, are some of the factors that have attributed to the collapse of our local business economy here in the City of Hallandale Beach.

The mission of the Hallandale Beach Community Redevelopment Agency (HBCRA) is to promote economic development and enhance the quality of life by eliminating and preventing blighted conditions through the facilitation of community partnerships, business growth, job creation, and neighborhood rehabilitation. The HBCRA understands that many different industries are facing tremendous amounts of economic hardships due to the COVID-19.

The HBCRA also understand that if the challenge of rebuilding the previously strong small business community within the community redevelopment area (CRA), is not dealt with head on and aggressively, more of our residents will lose their jobs, more businesses will shutter permanently, residents will not be able to pay their mortgages and rents, or have a means by

which to support themselves and their families; and the slum and blighted conditions, which the HBCRA has worked hard to eliminate for over two decades, may return.

National and State Disaster Recovery Programs

In order to stem the tide of a full economic collapse in our country, the Federal government, as well as the State of Florida has declared the Coronavirus/COVID-19 pandemic a national disaster. In order to mitigate the economic fallout from the closure of countless businesses across the nation, which has resulted in the loss of over 10 million jobs to date, the U.S. Congress approved, and the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (Cares Act). The Cares Act provides \$349 billion for programs such as the Payroll Protection Program, which is designed to help businesses keep their employees on their payrolls. This program is administered by the U.S. Small Business Administration (SBA).

The SBA administers other small business programs as well which have been fully activated during this national disaster. Some of their most important programs include:

1. Economic Injury Disaster Loan Emergency Advance - This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties.
2. Economic Injury Disaster Loan - Provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.
3. SBA Express Bridge Loan - Allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.

In order to mitigate economic damage that small businesses may experience due to this pandemic, the State of Florida has created the Florida Small Business Emergency Bridge Loan Program. This program is comprised of short-term, interest-free working capital loan of up to \$50,000.

Current Situation:

With the specter of a collapse of our local economy in mind, and a possible increase in slum and blighted conditions, the HBCRA has developed a series of small business assistance loan programs that are designed to work in conjunction with the aforementioned business disaster recovery programs that have been developed, approved and implemented over the past month.

The HBCRA has created the **Coronavirus Small Business Sustainability and Recovery Loan Program**. This program is comprised of two separate loans, both of which are available only to those businesses located within the Hallandale Beach Community Redevelopment Area (CRA). In accordance with Florida Statute 163 Part III, the loans are not available to businesses outside of the CRA. The two loans that comprise the program are as follows:

1. **The Business Employment Bridge Loan** - The Business Employment Bridge Loan is a forgivable bridge loan designed to work in conjunction with other federal and state programs in order to provide a direct cash incentive for small businesses to keep their workers on the payroll. Under this program, businesses are encouraged to rehire those that they may have previously laid off. The program is an acknowledgement of the challenges that many businesses have with accessing funds at the federal and state levels

due to the extremely high amounts of applications that are being received by agencies associated with those entities.

The program provides a bridge loan of up to \$50,000, and is available to qualified for-profit small businesses including, sole proprietors, partnerships, corporations, and limited liability companies, that as of March 9, 2020 had been in business within the CRA for at least one year. Qualified small business applicants must be an employer business with between 2 to 100 employees.

The loan has a maturity of two years at an interest rate of 0%. Only one loan may be made to eligible businesses. The interest rate will be interest free for a period of two years.

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. Personal guarantees are required.

Loan Forgiveness

Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

The HBCRA will forgive loans in the following percentages if the following conditions apply:

- **75% of loan forgiven.** All employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
- **25% of loan forgiven.** Businesses that receive HBCRA funding, agree that for the repayment period of the loan, their employees shall receive at a minimum, a living wage per the Broward County Code of Ordinance, Section 26.102 in the amount of at least:

\$13.47 per hour with qualifying health benefits amounting to at least \$1.65 per hour, or

\$15.12 per hour without health benefits.

Notice: the living wage rates, and health benefit amount are indexed in accordance with Section 26.102(e) of the Broward County Living Wage Ordinance.

Eligible Businesses

The HBCRA, at its sole discretion, may change the list of eligible businesses from time to time. Currently, eligible businesses include:

- Restaurant/food service - family-oriented restaurant, ice cream shop, coffee shop, micro-brewery, meat market.
- Merchandise retail - clothing store, newspaper/magazine stand, florist, general merchandise store.
- Service retail - grocery store, drug store, dry cleaner.
- Destination retail.
- Professional services – barber shop, salon, tax preparer.

- Small theatre (movies and live performances).
- Fitness facility.
- High Tech.
- Co-working spaces.
- Performing/creative arts – gallery, studio, arts-oriented business; and
- Other uses as approved solely by the HBCRA.

Ineligible Businesses

The HBCRA, at its sole discretion, may change the list of ineligible businesses from time to time. The HBCRA's current list of ineligible businesses is based on those utilized by the State of Florida, and the Emergency Disaster Bridge Loan Program. Currently, ineligible businesses include:

- Businesses deriving more than one-third of gross annual revenue from legal gambling activities.
- Businesses engaged in any illegal activity.
- Businesses that present live performances of an indecent sexual nature or derive directly or indirectly more 2.5% of gross revenue through the sale of products or services, or the presentation of any depictions or displays, of an indecent sexual nature.
- Massage parlors.
- Escort Services
- Other ineligible uses as approved solely by the HBCRA

2. **Emergency Business Cash Infusion Loan** - The Emergency Business Cash Infusion Loan is a partially forgivable bridge loan, designed to work in conjunction with other federal and state programs in order to provide a direct cash incentive for small businesses to help them through this challenging period associated with the Coronavirus pandemic. The program is an acknowledgement of the challenges that many businesses have with accessing funds at the federal and state levels due to the extremely high amounts of applications that are being received by agencies associated with those entities. The Loan program provides funds up to \$15,000 and is available to qualified for-profit small businesses including, sole proprietors, partnerships, corporations, and limited liability companies, that as of March 9, 2020 had been in business within the CRA for at least one year. Qualified small business applicants must be an employer business with between 2 to 100 employees.

The loan has a maturity of 18 months at an interest rate of 0%. Only one loan may be made to eligible businesses. The interest rate will be interest free for a period of 18 months if payments are made on time.

Loan Forgiveness

Forgiveness is based on the Loan amount requested. Businesses who apply for loans less than \$5,000 will be eligible for forgiveness.

Eligible Businesses

The HBCRA, at its sole discretion, may change the list of eligible businesses from time to time. Currently, eligible businesses include:

- Restaurant/food service - family-oriented restaurant, ice cream shop, coffee shop, micro-brewery, meat market.
- Merchandise retail - clothing store, newspaper/magazine stand, florist, general merchandise store.
- Service retail - grocery store, drug store, dry cleaner.
- Destination retail.
- Professional services – barber shop, salon, tax preparer.
- Small theatre (movies and live performances).
- Fitness facility.
- High Tech.
- Co-working spaces.
- Performing/creative arts – gallery, studio, arts-oriented business; and
- Other uses as approved solely by the HBCRA.

Ineligible Businesses

The HBCRA, at its sole discretion, may change the list of ineligible businesses from time to time. The HBCRA's current list of ineligible businesses is based on those utilized by the State of Florida, and the Emergency Disaster Bridge Loan Program. Currently, ineligible businesses include:

- Businesses deriving more than one-third of gross annual revenue from legal gambling activities.
- Businesses engaged in any illegal activity.
- Businesses that present live performances of an indecent sexual nature or derive directly or indirectly more 2.5% of gross revenue through the sale of products or services, or the presentation of any depictions or displays, of an indecent sexual nature.
- Massage parlors.
- Escort Services
- Other ineligible uses as approved solely by the HBCRA

Why Action is Necessary:

The Hallandale Beach CRA Board of Directors sets the policies of the Community Redevelopment Agency. In order to address the extremely challenging times associated with the Coronavirus, including the closure of local businesses and the layoff of countless numbers of employees, Staff recommends that the HBCRA Board approve the overall Coronavirus Small Business Sustainability and Recovery Loan Program. The new program consists of two components, the Business Employment Bridge Loan Program with loan amounts up to \$50,000, and the Emergency Business Cash Infusion Program with amounts up to \$15,000.

Additionally, due to the fact that the HBCRA Board of Directors only meets once a month, and the fact that many businesses that have either closed or are considering closing permanently, need immediate financial help, Staff recommends that the HBCRA Board of Directors allow the HBCRA Executive Director to approve these loans in amounts not to exceed \$50,000 so that funds can be provided to businesses as quickly as possible, rather than waiting for 30 days for the next HBCRA Board of Directors meeting.

In order to ensure greater transparency and accountability, at each HBCRA Board of Directors meeting Staff will provide a report of the businesses which have been approved. Staff also recommends that the HBCRA Board of Directors allow the HBCRA Executive Director to make

changes to the program and application on an as needed basis as market conditions allow, due to the fluidity of the current economic and market conditions, which are occurring due to the pandemic.

Fiscal Impact:

Staff recommends allocating \$500,000 to this program.

PROPOSED ACTION:

The HBCRA Board of Directors approve the attached the attached Resolution.

ATTACHMENT(S):

Exhibit 1 – Resolution
Exhibit 2 – Business and Employee Protection Bridge Loan
Exhibit 3 – Emergency Business Cash Infusion Loan
Exhibit 4 – Broward County Living Wage Ordinance
Exhibit 5 – Broward County Living Wage 2020 Poster
Exhibit 6 – CRA Economic Analysis