

# STRONG ECONOMIES, RESILIENT COUNTIES

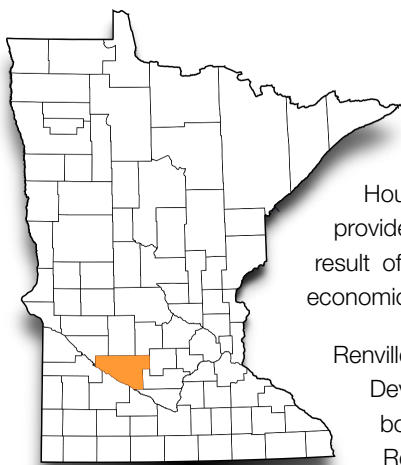
The Role of Counties in Economic Development



NACo WHY COUNTIES MATTER PAPER SERIES • ISSUE 1 • July 2014 • [www.naco.org](http://www.naco.org)

## RENVILLE COUNTY, MINNESOTA

### Helping Small Businesses with Gap Financing



Located in west central Minnesota, Renville County is a classic rural county, with a strong agricultural sector. Other industries, such as manufacturing, trade, transportation and utilities complete the economic base of the county. To encourage business growth, economic diversification and job creation, the county helps entrepreneurs and businesses to obtain gap financing for growth and expansion. The Renville County Housing and Economic Development Authority (HRA/EDA) offers a revolving loan fund, which provides resources for businesses and communities. These loans are made possible largely as a result of connecting the ability of the housing and redevelopment authority to raise funds with economic development efforts.

Renville County engages in economic development through the HRA/EDA. The Economic Development Authority joined the Housing Redevelopment Authority in 2000. The governing board of the combined HRA/EDA consists of county appointed representatives from each of Renville County's five districts for six-year terms, two at large members and a non-voting county representative. Operating as a legally entity separate of Renville County, the HRA/EDA board oversees two full time and two part time employees who are employees of the County. The State of Minnesota statute authorizes the HRA/EDA to levy special assessment taxes and issue bonds approved by the county government. Between July 2011 and December 2012, HRA/EDA earned \$900 thousands in total revenues, with 43 percent coming from the US Department of Housing and Urban Development (HUD) grants, a third raise from levies and the rest from tenant revenues.

### HRA/EDA Revolving Loan Fund

In response to demand for low interest business development loans, the HRA/EDA offers a revolving loan fund to businesses in the county with a focus on small gap financing between \$10,000 and \$25,000. The loan committee appointed by the HRA/EDA board makes loan evaluations and recommendations for the HRA/EDA Board approval. For larger loans, the HRA/EDA offers resources to businesses to help connect them with local banks and financial institutions. The primary goals of this funding are the creation of new jobs within the county and retaining existing jobs. Specifically, the loans aim to create or retain a full time job for every \$10,000 in loans. Since the inception of the revolving loan fund in 2010, 11 loans have been issued for a total of \$293,100, five of which have been

- Population, 2013: 15,166
- County Board size: 5
- County Administrator

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repaid. The revolving loan fund has also retained 52 jobs, and created 22 more. Recipients have included a restaurant, a local newspaper and the Renville County Historical Society.

Due to the large volume of requests for services and limited capacity, the HRA/EDA works closely with the Minnesota Small Business Development Center (SBDC) to assist small businesses and entrepreneurs in the county. The SBDC is a state-run organization funded primarily through the US Small Business Administration and community and local investors. Working with the SBDC allows the HRA/EDA to effectively expand their services to small businesses, such as advice and consultation. This cooperative strategy has proven effective and beneficial for entrepreneurs and HRA/EDA.

Renville County offers an example of how counties can help small businesses grow and in the process create jobs for county residents. The Renville County combined economic development and housing authorities are able to generate revenues and not use county government general funds to provide financial assistance to small businesses. The county is also strategically partnering with state organizations to offer additional services to businesses seeking to start or expand within the county.



J & R Electric, Inc used Renville County's revolving loans to purchase and rehab a vacant commercial building.