MOVING from CONCEPT to IMPLEMENTATION

Brian Hollenback
President/CEO
Economic Growth Corporation
In the 1980’s, one of Rock Island’s major employers, International Harvester, closed its doors resulting in a loss of 5,000 jobs.

Rock Island's population dropped over 20%, and a common bumper sticker read “If you are the last one to leave, please turn out the lights.”
Instead of giving up, the community joined together to seek ways to promote new development, new housing, new businesses, expansion of current businesses and to improve the overall quality of life in Rock Island.

The renaissance began and GROWTH was birthed, serving as a catalyst to spur the commitment and investment of public and private partners.
The “Early Years”
1992- 1999

✦ 1992: The Doris & Victor Day Foundation donated $500,000 (2-year commitment) to kick start GROWTH’s home renovation program in Rock Island.

✦ 1993: Completion of four homes in one of Rock Island’s oldest, historic neighborhoods

✦ 1996: HOME Purchase Renovation Program begins as a pilot initiative in Rock Island

✦ 1998: GROWTH and Breachmenders capitalized on the strengths of each entity and combined into one non-profit housing organization.

✦ 1999: GROWTH was designated as a Community Housing Development Organization (CHDO) by HUD. CHDOs qualify for a special set aside for funding, technical assistance and pre-development dollars.
The rapid “growth” of GROWTH 2010-2012

★ 2010: GROWTH as lead organization of the Northwestern Illinois Housing Coalition was awarded $18.5 million Neighborhood Stabilization Program 2 and will administrate the program for the City of Rock Island, City of Moline, and the City of Sterling.

★ 2012: Amended bylaws to become a national non-profit, community based organization focused on enhance the overall image and economic vitality of low-income communities.

NSP 1 ($3.1 million) was successfully closed out in partnership with the City of Rock Island.

Central States Development Partners, GROWTH’s CDE, closed on its first New Market Tax Credits Transaction This $10 million transaction allowed Central States Development Partners to build capacity as a CDE and generated non-restricted income to be invested in Rock Island.
GROWTH Today

2017

🌟 2017: Nationally recognized, award winning non-profit organization

$80 Million multi faceted organization

Close out of NSP 1 & 2: $44 Million total investment

Close out IL Attorney General National Foreclosure Settlement: $21.2 Million total investment

Awarded $45 Million in New Market Tax Credit Authority: $29 Million Closed to date and 1432 JOBS

$300 million in leveraged resources

Actively doing business in Iowa, Illinois, Indiana, and Florida

Assisted 722 homebuyers with more than $14.9 Million in assistance
1998:
3 employees
$1 Million balance sheet

Rock Island Economic Growth Corporation
A 501c3 organization focused on housing revitalization and community redevelopment

- Executive Director
- Construction Manager
- Fiscal - Part Time
2017:
23 employees
$80 Million balance sheet
34 years
Remaining true to our original mission

“Its hard to believe that it was three decades ago when Charles Wilson invited a group of Rock Island-connected business and civic people together to create DARI. Thanks in no small way to vision and hard work, DARI has mushroomed into an incredibly powerful advocate for the community. Congratulations!”
Affordable Housing Development for over 30 years

$14.8 Million in assistance provided to 722 homebuyers since 1998

<table>
<thead>
<tr>
<th>Homebuyer's AMI</th>
<th>Total Assistance</th>
<th># of Homebuyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-30%</td>
<td>$ 314,775</td>
<td>9</td>
</tr>
<tr>
<td>31-50%</td>
<td>$ 3,123,704</td>
<td>103</td>
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<tr>
<td>51-80%</td>
<td>$ 8,979,679</td>
<td>330</td>
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<tr>
<td>81-120%</td>
<td>$ 2,025,114</td>
<td>242</td>
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<tr>
<td>&gt;120%</td>
<td>$ 62,978</td>
<td>13</td>
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<tr>
<td>Unknown</td>
<td>$ 320,998</td>
<td>25</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$14,827,250</strong></td>
<td>722</td>
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</table>
How is it done?
Board of Directors
Visionary Leadership & Unwavering Support
Diversified Business Model
Comprehensive Approach to Community Revitalization

Central States Development Partners Inc
CDE

Economic Growth Corporation

Bridge Investment CDC

Development Association of Rock Island

HOME BASE Property Management LLC.

GROWTH General Contracting LLC.

The Downtown Rock Island Partnership
Economic Growth Corporation

Economic Growth Corporation (GROWTH) is a national 501(c) 3 non-profit organization dedicated to enhancing the overall image and economic vitality of low-income and underserved communities by improving housing market dynamics, increasing housing access, encouraging home ownership, providing homeownership counseling, foreclosure prevention & intervention counseling, creating jobs, and growing the tax base. With $200 million in leveraged resources, GROWTH is regarded as a national leader in developing innovative housing opportunities and commercial developments by facilitating community partnerships.

Central States Development Partners, Inc.
Central States is a national, wholly owned subsidiary of GROWTH, and serves as a Community Development Entity to access and deploy New Market Tax Credits (NMTC).

HOME BASE Property Management, LLC.
Home Base is a national, wholly owned subsidiary of GROWTH, and serves as the property management company for all residential and commercial properties owned by GROWTH.

GROWTH General Contracting, LLC.
GROWTH General Contracting is a national, wholly owned subsidiary of GROWTH, and serves as the general contracting company for smaller construction projects developed by the company.

Various LLC’s
Various LLC’s are wholly owned subsidiaries of GROWTH, created for purposes of multi-family, residential housing and mixed-use developments.

Bridge Investments
Bridge Investments is a national 501(c) 3 emerging Community Development Financial Institution, managed by GROWTH. Bridge assists emerging economic needs of low- and moderate income communities.

Diversified Business Model
Continuing to meet needs of distressed communities and underserved people
Diversified Business Model

Continuing to meet needs of distressed communities and underserved people

The Downtown Rock Island Partnership
A joint effort between the Development Association of Rock Island and The Downtown Rock Island Arts & Entertainment District to market and promote the greater Rock Island Area and Downtown as a destination for business growth, job creation, arts & entertainment, and retail sales.

Development Association of Rock Island
Focused on commercial and industrial growth and development in Rock Island with an emphasis on downtown

The Downtown Rock Island Arts & Entertainment District
Focused on brand marketing and destination venue for downtown Rock Island
Partners (to name a few)

Expert in Public-Private Partnerships

- Illinois Housing Development Authority
- FHLB Chicago
- Department of Commerce and Economic Opportunity
- Main Street National Trust for Historic Preservation
- Sterling
  Shining brightly ... Leading the way
- Augustana College
- Community Foundation Great River Bend
- St. Ambrose University
- Northwestern Illinois Housing Coalition

6 municipalities and 3 non-profits
Strategic Partnerships

Strong Public-Private Partnerships are key
Strategic Partnerships

*Strong Public-Private Partnerships are key*
Strategic Partnerships

Strong Public-Private Partnerships are key
Affordable Housing Development

Creating market-driven housing that is affordable
Renaissance Lofts & Goldman Lofts

First multifamily development project in the region, 15 years later, exits out of tax credit compliance and enters new ownership structure with new investment planned in 2018
The process begins with decision of a property owner to donate a white elephant structure to a local not-for-profit.
Patience can be a virtue.

501 c3 status allowed tax benefits to exceed probable cash sale proceeds.
Splitting the parcel, the former annex became the (former) offices of Renaissance Rock Island. Sold in 2016 providing new resources for reinvestment.
Goldman & Renaissance Lofts

Goldman Lofts – 28 units

In one project two white elephants were converted to 52 units of loft housing.
$6.3 million development employed 100 workers through various trades. An additional 40 persons were utilized in peripheral positions.
Renaissance Lofts

Innovative partnerships transforming Rock Island!
Units are attractive to retirees and young professionals.
Goldman & Renaissance Lofts

First Mortgage  $1,700,000
  – Risk Sharing 50/50 insured by IHDA & USHUD
  – Funded by the AFL-CIO
• Second Mortgage  $ 750,000
  – Funded by HTF
• Third Mortgage  $ 275,320
  – Funded by the City of Rock Island
• Equity  $3,308,870
  – Historic  $ 433,210
  – Affordable  $ 2,758,466
  – Deferred Dev. Fee  $ 117,194
• Grants  $ 272,000
  – City Façade  $ 30,000
  – State Energy  $ 68,000
  – AHP  $ 175,000
• Total  $6,307,190
• Other
  – 15 year property tax negotiated schedule
  – 30 year lease back of commercial space
The Development Association of Rock Island (DARI) long term lease to maintain first floor commercial space.

$1 Million initial investment: Commercial buildout

$1.00 per year + pro rata share of taxes, insurance & maintenance.

Sublease income pays for commercial build out costs then becomes an annuity for the not-for-profit.

Gives flexibility for income or retail development.
Renaissance Lofts: Business Incubator
Activity Generator for Downtown
Goldman Lofts: Business Incubator
Supporting Arts, Wellness, & Entrepreneurs
Renaissance Lofts & Goldman Lofts: Refinance
End of 15-year tax credit compliance period

New Ownership Structure

$4.5 Million Refinance

$1.8 Million New Investment
Jackson Square

*Aligned to Community Plans, years in the making*
Jackson Square

2008: Identified as priority project in 2010 Downtown Strategic Plan

2009: Predevelopment identified as a 72-unit LIHTC development
Jackson Square

**2011:** Mixed Use development consisting of 30 residential units + commercial space with the help of Neighborhood Stabilization Program 2
Jackson Square
2012: Completion of $8.8 Million Adaptive Reuse Development
<table>
<thead>
<tr>
<th>Sources of Funding</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Neighborhood Stabilization Program 2</td>
<td>$5,908,898</td>
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<tr>
<td>MWA Bank</td>
<td>$1,305,000</td>
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<tr>
<td>City of Rock Island TIF</td>
<td>$740,000</td>
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<tr>
<td>US EPA</td>
<td>$300,000</td>
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<tr>
<td>State Donation Tax Credits</td>
<td>$318,200</td>
</tr>
<tr>
<td>DCEO</td>
<td>$36,000</td>
</tr>
<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>$8,831,087</strong></td>
</tr>
</tbody>
</table>

51 Full Time Jobs Created
Jackson Square

Consistent with the Downtown Strategic Plan

$800,000 in environmental remediation of former Brownfields Site
Jackson Square

Consistent with the Downtown Strategic Plan

Have a plan... work your plan... aligning with community goals
Garden District

Capitalizing on the success of Jackson Square and the Arsenal Gateway Plan
Garden District
$2.1 Million Single Family Development
Garden District
Nearly $20 Million of business growth, expansion, and investment as part of Arsenal Gateway Plan

Quad City Botanical Center’s new Children’s Garden, built on newly cleared land near the Botanical Center north of Jackson Square and the Garden District.
Neighborhood Stabilization Program 1 & 2

*Direct Alcoatee of $18,500,000 Neighborhood Stabilization Program*
Neighborhood Stabilization Program - NSP 1

GROWTH was the Developer utilizing NSP1 funds through the City of Rock Island and IHDA

HUD

IHDA (grantee)

City of Rock Island (sub-grantee)

GROWTH (developer)

$3.1 Million
Neighborhood Stabilization Program 2

- GROWTH was the *direct HUD recipient* for NSP2 and serves as Lead Entity for the Northwestern Illinois Housing Coalition.

![Diagram showing the flow from HUD to GROWTH to IHDA, City of Rock Island, City of Moline, and City of Sterling, with a note of $18.5 Million.]

**GROWTH** was the **direct HUD recipient** for NSP2 and serves as Lead Entity for the Northwestern Illinois Housing Coalition.
New Infill
Broadway Historic District
New Infill Homes: New Old Chicago Redevelopment Subdivision

$75,000 awarded December 2011

Groundbreaking March 20, 2012

$100,000 awarded November 2012
New Old Chicago Redevelopments Subdivision
Demolition of Blight (2), New Construction (8), Rehabilitation (1) & Façade Improvement (1)
New Old Chicago Redevelopment Subdivision

**Phase 1**
- NSP 2: $820,727
- Wells Fargo Foundation: $75,000
- Private Debt: $236,800
- DECO: $8,000
- Total Phase 1: $1,167,527

**Phase 2**
- NSP 2, Program Income: $208,002
- Wells Fargo Foundation: $100,000
- Private Debt: $278,000
- IHDA, State Donation Tax Credits: $173,926
- Total Phase 2: $754,928

**Total:** $1,922,455
CHDO Pilot Program

Designated CHDO in 1999

5 homes

City Wide Program

$800,000 awarded to Community Housing Development Agencies

GROWTH was second highest award recipient due to past performance
Neighborhood Stabilization Program
$44 million invested

$18.5 million grant : $25.5 million leveraged
Neighborhood Stabilization Program
Resilience Report

$44 MILLION TOTAL INVESTMENT
- $21 Million in NSP 1 & NSP 2
- $22.8 Leverage

$8.6 MILLION GENERATED in local, state, and federal taxes*

236 JOBS CREATED

208 HOUSING UNITS IMPACTED

147 HOUSEHOLDS ASSISTED

*NAHB Model local impact for job creation and taxes generated
Impact- Housing Activity
$30,217 in Government Revenue is generated for every $100,000 in remodeling.

Social Security Taxes = 8,124
Income Taxes paid by Businesses & Employees = 14,756
Taxes on Production & Imports = $776
Federal Revenue Generated = $23,656

Taxes paid by Businesses = $2288
Taxes paid by Employees = $1116
Sales Tax $1,908
Permit hook-up Fees = $1250
State Revenue Generated = $6,651

* Based on a Model Developed by the National Association of Homebuilders
Community Benefit Agreements Realized
Employer Assisted Housing Program
14 Year Community Benefit Agreement

• Created in 2003 after the City of Rock Island was declared a “Live-Work Community”

• Serves as a national model for live-work housing

• Celebrated being awarded Phase 9 of the program in 2016

307 Employees purchased homes in Rock Island since 2003

$1.63 Million downpayment and closing cost assistance since 2003

$30.1 Million generated in Rock Island real estate transactions since 2003
Employer Assisted Housing Program

Top Participating Employers

- Rock Island ARA
- Augustana College
- UnityPoint Health
- Trinity
- John Deere
Employer Assisted Housing Program

2017 YTD Impact: Rock Island

- 20 Employees
- $157,410 downpayment and closing cost assistance
- $2.3 Million generated in real estate transactions
Mission Driven Organization:
National companies investing in hometown
National companies investing in hometown
GROWTH Board made a bold decision to become a Community Development Entity to bring additional resources back to Rock Island for investment.

Columbia Park Plan specifically sited as a reason to become a CDE.
2012:
DOT Foods: $10 Million NMTC
2012: Hill & Valley: $10 Million NMTC facilitation

Consistent with Columbia Park Plan, sited as an opportunity for NMTC when GROWTH became a CDE in 2008.
Central States concentrates in Illinois, Indiana, Iowa, and Florida under this NMTC allocation with an eye toward improving distressed communities. Central States seeks to work with minor-metro cities and regions to mitigate dis-investiture in low-income communities (LICs), add opportunities for better amenities, improve access to jobs and services, and increase the tax base and public school revenues.
$29 MILLION OF NMTC DEPLOYED IN 30 DAYS = 1432 JOBS IN RURAL AMERICA

HALO- Sterling, IL
Closed
March 31, 2017

NMTC Allocation
$9 Million

Total Project Cost
$19 Million

Jobs Created
250
$29 MILLION OF NMTC DEPLOYED IN 30 DAYS = 1432 JOBS IN RURAL AMERICA

Cedar Rapids Loan Pool

QEI Closed
March 29, 2017

NMTC Allocation
$10 Million

Four Loans Made to Date:
Loan 1: $2,200,000
Loan 2: $2,419,100
Loan 3: $1,428,000
Loan 4: $927,896

Jobs Created
319
$29 MILLION OF NMTC DEPLOYED IN 30 DAYS
= 1432 JOBS IN RURAL AMERICA

Simply Essentials- Charles City, IA

QEI Closed
March 27, 2017

NMTC Allocation
$10 Million

Total Project Cost:
$42.7 Million

Jobs Created
500
Bringing new resources to Rock Island

$100,000 CAPITAL INVESTMENT

ECONOMIC GROWTH CORP
HOUSING & FINANCIAL
EDUCATION CENTER
Ribbon Cutting

September 27th

10:00 a.m.

*pending Governor
Advancing Economic Growth Corporation’s efforts to reach underserved people throughout the region with innovative housing and financial education resources while providing exceptional customer service.

**Mission:** Provide fair and equal access to critical housing resources for underserved populations in an effort to promote wealth-building opportunities.
Programs

- Financial Education
- Homeowner Assistance Programs
- Financial Capability Counseling
- Homebuyer Downpayment Assistance
- Homebuyer Education
- Foreclosure Prevention
- Residential Property Management
- Commercial Property Management
- Pre-Purchase & Post Purchase Counseling
Foreclosure Prevention Program Grant:

*Awarded $92,500-- $32,500 more than requested*

Foreclosure Prevention Program- “Graduated”

*Awarded $100,000-- $40,000 more than requested*

- $20,000 Marketing
- $10,000 Capacity Building
- $5,000 Staff Training

Mon Valley

$20,000 grant to assist with Homebuyer & Financial Education (reimbursement basis)
HOME Base Property Management
Bringing new resources to Rock Island

$250,000 SEED CAPITAL INVESTMENT
Home Base Property Management

90 Day Timeline

- 324 units of residential
- ~40 commercial spaces

TOTAL 364 units within 90-days

- All lease creation and management
  - Extensions
  - Renewals
  - Property Maintenance & Repair
  - Building Management
Rock Island Properties

The Locks
34 units

Voss Brothers
35 units

Jackson Square
30 units

All DARI & GROWTH
Commercial Properties
~ 40 units

All DARI & GROWTH
Parking Lots
4 lots
Launched One Year Ago...
Bridge Investments

Highlights

- $1,239,000 Total loans closed since September 2016
- $135,265,367 Total Leverage
- $815,000 Increase in Asset Base
Bridge Investments
2017 Activity

- $962,800 Total Loans Originated in 2017
- 518 Jobs supported/retained
- $64,800 Funds deployed from Neighborhood Reinvestment Fund
- $132,969,622 Leverage
Bridge Investments
$1,239,000 in lending activity since September 2016

National 501c3 with a focus on Illinois and Iowa

Emerging CDFI

Neighborhood Stabilization

Creating affordable homeownership opportunities

Small Business Growth
Community Benefit Agreements

SEED Rock Island

A streamlined approach to starting, building, and developing small business growth in Rock Island

ROCK START: Start Up Grants

R: Incubate

riGROW: Microloan Program
Microloan Program: riGROW

Loan Amount
From $500 to $10,000

Eligible Uses:
- Working capital
- Inventory
- Equipment
- Machinery
- Staffing

Flexible Terms:
8 months to 36 months

Interest Rate:
Lower than traditional rates

The Halloween themed restaurant located at 3055 38th Street is family-owned and operated.

Bridge Investments, through riGROW, will be helping the business with a $10,000 loan to assist with staffing and marketing.
Microloan Program: riGROW

SEED Rock Island
Wake Brewing: $10,000 +
DARI Façade Assistance $3,000
Microloan Program: riGROW

SEED Rock Island
Wake Brewing: $10,000

Funding provided will assist the new brewery with its first months in protecting the business cash flow and operation expenses.
Wake Brewing Company

Façade Improvements: $3,000
Microloan Program: riGROW

SEED Rock Island Discounted Furniture: $10,000

The owners of the furniture store are seeking to increase their market potential with the addition of a custom mattress line that will help separate their business from others in the area.

With the funding, they will be able to purchase new inventory and being marketing the product to the region.
Courtney Loftin is looking to transform her women’s clothing boutique into a yoga lifestyle boutique with apparel, equipment and a space for practicing yoga. As her brand transforms, she is sought funding for new inventory, storefront improvements and marketing needs.
QC Coffee & Pancake House
Façade Improvements: $1,500
Plan

Prepare business plan to ensure business has a comprehensive business plan

Test

Funding allows business to validate their idea and put into reality

Start

The Downtown Rock Island Partnership will fund businesses within 15 days of approved application
SEED Rock Island
The Switchyard Makerspace: $500

The new makerspace will be housed in the Rock Island Public Library main branch downtown. Led by David Nowinski, the startup funding will assist with the costs associated with formalizing and incorporation the nonprofit organization.
Sentio Soaps is a home-based business that has been established for three years. The business has seen sales grow and market exposure increase with local partnerships.

Molly McGuire, the founder of the business, upgraded her e-commerce and presence while also growing her local retail footprint.

Her FY 2018 goal is to have a physical location to sell her product, but needs funding to help increase her inventory and allow her to move into a more regular production cycle.
SEED Rock Island

Lavish Salon: $500

Amy Gibbs, owner of Lavish Salon & Spa on 3rd Avenue in downtown Rock Island was seeking grant funding for the expansion of inventory and products to be sold at her business.

Additionally, she was looking to make facility upgrades and security enhancements.

Grant received September 2017.
Kamille Brashear, founder of Clockwise International, a marketing and technology company, is looking to register her business as an LLC in the State of Illinois.

The Rock Island resident hopes to connect people across the world with her social impact model of service providing.
R: INCUBATE

Shared Resources

Business Development

Business Support

Job Creation

Entrepreneur growth within Downtown Rock Island
Christiana Headley, owner of Splash!

Moved home-based business into a storefront location within Shoppes on 2

Provided a great opportunity to test business idea in a bigger setting while providing an affordable lease rate to help her get started.

She opened at 1700 2nd Avenue on June 3, 2017.
Sheleigh Martin, owner of Celebrate! Created the business because of the money she was spending on her daughters formal dresses for high school. She sells gently used formal and party wear.

Moved home-based business into a storefront location within Shoppes on 2\textsuperscript{nd} Avenue.

She opened at 1700 2\textsuperscript{nd} Avenue in summer 2015.
Ken and Sarah Jacoby, owner of Spellbound selling new age specialty retail

Moved home-based business into a storefront location within Shoppes on 2nd

Opened at 1700 2nd Avenue in spring 2014.
Opened in May 2012, Be Well QC was developed to advance healthy living initiatives in downtown Rock Island.

**Salon Bardot**, organic, vegan, officially designated a "Green Salon"

**Quad Cities Hydrotherapy & Holistic Studio**, unique cleansing & detoxification services.

**AMS**, offering holistic wellness

**Radiant Health Imaging**, offering thermography which helps detect disease and injury
Looking Ahead:

GROWTH will continue to grow and evolve in order to meet its mission and the needs of the communities it serves.

To learn more and how to partner with us to benefit our communities...
Contact

Brian Hollenback
President & CEO
Economic Growth Corporation
bhollenback@growthcorp.org

309.788.6311
100 19th Street
Rock Island, IL 61201
Question & Answer