Financing Smart Rural Places: Delta Region

By: Ines Polonius
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COMMUNITIES Unlimited

- TA to Water Systems
- TA to WW Systems
- Board Training
- Reg. Compliance Training
- Emergency / Pre-Development Loans

Environmental

Community Sustainability

Lending

Entrepreneurship

- Strong Community Leadership Teams
- Healthy Entrepreneurial Ecosystems
- Community Facility Loans

- Water & WW loans to $500,000
- Community Facility loans to $250,000
- Small Business loans $500 to $100,000

- Growth
- Turnarounds
- Transitions
- Startup
- Working Capital Loans
Lending

• Water & WW loans to $500,000
• Community Facility loans to $250,000
• Small Business loans $500 to $100,000

Loan Fund Statistics
• $16 million in assets
• $42 million in loans made since 1992
• Sources: Federal loans, CDFI Fund, PRIs, private bank loans
Persistently poor US counties – 62% in CU service area

Poverty Regions – 4 regions

Poverty – 22% - 34% people live in poverty

Unemployment – 10% - 14% people do not have and cannot find work

Depopulation of Rural Places – Lost between 4% - 20% (1990-2010)

Infrastructure. Entrepreneurship. Vibrant Communities.
Introducing Somerville and Bolivar, TN
Introducing Somerville, TN

Population: 3115
African American: 35.1% of population
Below Poverty Level: 31.6%
College Degree: 14.2%
Unemployment: 11.8%
Introducing Bolivar, TN

Population: 5417
African American: 61.6% of pop.
Below Poverty Level: 24.1%
College Degree: 10.7%
Unemployment: 23.7%
Rural Smart Growth: Microbusiness Retail Strategy

- Generate activity in downtown core
- Create strong sense of place and pride
- Direct development dollars toward existing infrastructure
- Encourage community collaboration in development decisions
- Promote walkable downtown core
Process

- Create community selection and support team
- Identify available spaces in proximity to each other
- Engage landlords
- Recruit entrepreneurs
- Pre-application
- Internal initial selection for best fit in community
- Request full-application
- Choose 3 to 6 feasible ventures that are good fit with community and market interests
altShops provides each participant with:

- Short-term lease
- Rent assistance
- Intensive managerial assistance
- Start-up loan
- Marketing support
- Collective grand opening event
Managerial Assistance and Capital

Managerial Assistance

- Develop detailed financial projections
- Determine capital needs
- Determine feasible amount of capital and structure
- Set up financial management systems
- Set up and provide training on cash register solution
- Develop marketing strategy
- Address staffing
- Provide training for managing sales and payroll tax

Capital

- Underwriting
- Provide capital in multiple phases to enable business to continue to grow and cashflow

Infrastructure. Entrepreneurship. Vibrant Communities.
<table>
<thead>
<tr>
<th>Business Name</th>
<th>Owner Name(s)</th>
<th>Stage of Business</th>
<th>Type of Business</th>
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<tbody>
<tr>
<td>The Gin</td>
<td>Miki Bryant</td>
<td>Existing/Had food truck</td>
<td>Restaurant</td>
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<tr>
<td>Xtreme Dance</td>
<td>Anquisha Crutcher</td>
<td>Existing/Home-based</td>
<td>Dance Company</td>
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<td>LaLuna Vintage Thrift Boutique</td>
<td>Erica Qualy</td>
<td>Startup</td>
<td>Clothing store</td>
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<td>Candyland Sweets &amp; Treats</td>
<td>Tamekia Jones</td>
<td>Existing/Home-based</td>
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<tr>
<td>Hailey’s Boutique</td>
<td>Shareta Hardaway</td>
<td>Startup</td>
<td>Clothing store</td>
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<td>Hayes Soul Food</td>
<td>Annette Current</td>
<td>Startup</td>
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</tbody>
</table>
Challenges

- **Risky Loans**
  - No collateral
  - Low credit scores
  - Start-ups
- **Finding the “right” entrepreneurs**
  - Example: Youth apparel store in Sommerville
- **Change mindset to bring people downtown**
  - Events that bring traffic
  - Secondary development
- **Traffic**
  - Tractor trailer traffic through square in Bolivar

Infrastructure. Entrepreneurship. Vibrant Communities.
altShops by the Numbers

4 Memphis Neighborhoods impacted
- 2013 Broad Avenue – 6 retailers
- 2013 Crosstown – 1 retailer
- 2014 South Memphis – 2 retailers
- 2015 Heritage Trail (South Main) – 3 retailers

- 12 launched
- 8 signed long term leases
- 11 full time jobs, 5 part time jobs created
- Secondary development
Support Available:

• Toolkit
• Coaching
• Virtual technical assistance to selected retailers

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Together

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