

# MEMORANDUM

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## COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

TO: Thomas Thomas, City Manager

SUBJECT: Star Block – redevelopment

DATE: 8/21/13

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Rock Island Economic Growth Corporation (Growth) continues its efforts to develop housing in the downtown Rock Island. The Star Block project has been in pre-development for over the past year to build 8 additional units and 1,600 square feet of commercial space in the downtown. The building is currently in very poor condition and in need of redevelopment. The total cost of the project is estimated to be over \$1,700,000 with a unit mix of one and two bedroom units. Growth has requested \$350,000 in TIF funds and \$30,000 in Façade program funds to support the project.

Growth has already received a certificate of appropriateness on March 27th from the Historic Preservation Commission on this landmarked property for the exterior renovations. Growth has also received Board of Zoning Appeals approval on March 13 for the 2 residential units on the ground floor with rear exits. The project will help revitalize a historic downtown property.

### **Recommendation:**

The Community and Economic Development Department recommends that the Council approve the development agreement with Growth and authorize its execution by the City Manager.

Submitted by: Jeffery A. Eder, Community and Economic Development Director

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Approved: Thomas Thomas, City Manager



- Development Association of Rock Island
- Rock Island Economic Growth Corporation
- The Downtown Rock Island Arts & Entertainment District

January 30, 2013

Mr. Jeff Eder  
 CED Director  
 City of Rock Island  
 1528 3<sup>rd</sup> Avenue  
 Rock Island, IL 61201

Re: Star Block Request for Funding

Dear Jeff:

Please accept this letter of request from GROWTH to redevelop the three buildings at 1821-1823 2<sup>nd</sup> Avenue, known as the Star Block. GROWTH is seeking a total of \$350,000 in City TIF and \$30,000 in Façade Program funds to support the redevelopment of this local Landmark. The total redevelopment cost is estimated to be approximately \$1.7 million.

GROWTH currently has site control of each of the three buildings. Plans to rehabilitate the 137 year-old structure include development of eight residential rental units and rehabilitation of approximately 1,600 square feet of commercial space.

Units will advance Rock Island as a Live-Work community and meet the need for more affordable housing. Eight one and two bedroom rental units will be created. Units will range in size from 540 to 1400 square feet. The first floor will include 1,600 square feet of commercial space along with two accessible rental units targeting veterans with special needs. The unit breakdown for the Star Block redevelopment appears below:

FLOOR	# of Apartments	Bedroom / Bath	Est.Square Feet
First Floor (Commercial Space and Units Accessible for Veterans)	1 Accessible	1 Bed / 1 Bath	540
	1 Accessible	1 Bed / 1 Bath	750
Second Floor (Live Work)	2 Live Work	2 Bed / 2 Bath	1100 each
	1 live Work	2 Bed / 2 Bath	800
Third Floor (Live Work)	2 Live Work	2 Bed / 2 Bath	1400 each
	1 Live Work	2 Bed / 2 Bath	900

The rehabilitation of the Star Block continues to meet local housing needs, advances Rock Island's downtown neighborhood, and expands opportunities for commercial and retail growth. This project will compliment the 194 downtown residential units introduced by GROWTH in the last seven years, while meeting the continued demand for Live-Work housing.

GROWTH appreciates your consideration of this request and wishes to thank you, city staff, and City officials for your continued support to make our downtown neighborhood one of the best in the nation.

Please feel free to contact me with any questions. I look forward to hearing from you.

Sincerely,



Brian Hollenback  
President

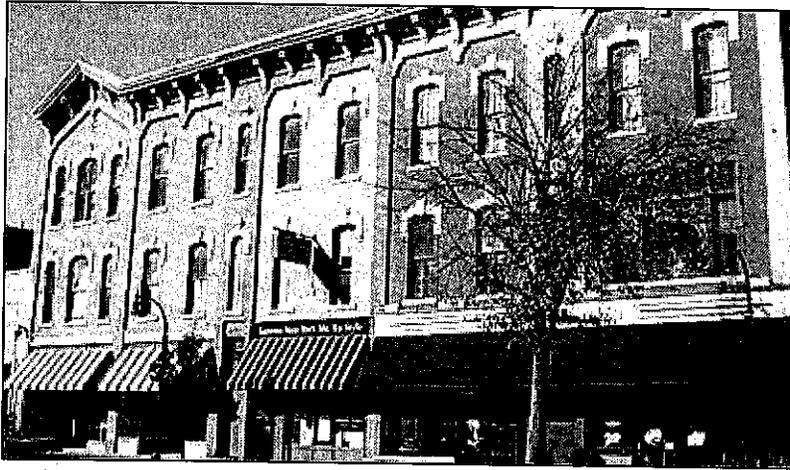
# Star Block: Redeveloping Rock Island Block by Block

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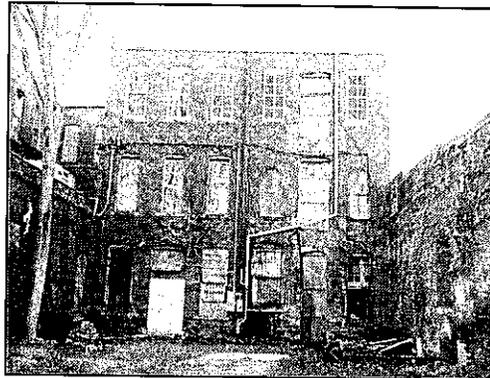
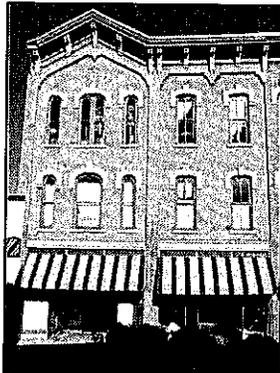
Now celebrating its 30<sup>th</sup> year and over \$150 million in leveraged resources, Rock Island Economic Growth Corporation (GROWTH) is rebuilding its community block by block, improving the quality of life and providing an economic impact and job creation.

GROWTH is a 501(c)3 Community Housing Development Organization (CHDO) that works as the cornerstone organization of Renaissance Rock Island and is regarded as a local and national leader in developing innovative housing opportunities and projects.

One of GROWTH's redevelopment pipeline projects is known as the Star Block.



Designated a Rock Island landmark in 1991, the buildings that make up the Star Block are three separate structures owned by three different owners, although it appears to be a single entity. GROWTH currently has site control of the properties located at 1821-1823 2<sup>nd</sup> Avenue.



## **Proposed: Star Block Project**

The rehabilitation of the Star Block builds upon the success of GROWTH's previous downtown multi-family developments. In the past seven years, GROWTH has introduced 194 units to downtown's growing residential population including: Goldman and Renaissance Lofts (\$6.3 million), Clipper Condominiums (\$2 million), Sala Flats (\$5 million), Bowlby Condominiums (\$750,000), Murphy Lofts (\$635,000), Voss Brothers Lofts (\$5.5 million), McKesson Loft Condominiums (\$6.5 million), Jackson Square (\$8.8 million), and Goldman Family Block (\$1 million) with additional units planned. To date, GROWTH has been successful in leveraging more than \$150 million in revitalization efforts throughout the city of Rock Island.

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To further meet the housing needs of the community, this 137-year old historic, landmarked structure is slated for rehabilitation by GROWTH. The overall project includes creation of eight residential rental units and rehabilitation of approximately 1600 square feet of commercial space. This effort will preserve and transform the Star Block into one and two bedroom live-work rental units ranging in size from 540 to 1400 square feet. Accessible, affordable units targeting veterans with special needs will be created on the first floor.

1<sup>st</sup> Floor- rehabilitation of first floor commercial space facing the Great River Plaza and creation of two accessible affordable rental units targeting veterans with special needs.

1 accessible apartment	1 bedroom	1 bath	appr. 540 sq. ft.
1 accessible apartment	1 bedroom	1 bath	appr. 750 sq. ft.
Commercial space (front)	appr. 1,600 sq. ft.		

2<sup>nd</sup> Floor- creation of three live-work rental units ranging from approximately 800 to 1,100 square feet.

2 apartments	2 bedrooms	2 baths	each appr. 1100 sq. ft.
1 apartment	2 bedrooms	2 baths	appr. 800 sq. ft.

3<sup>rd</sup> Floor- creation of three live-work rental units ranging from approximately 900 to 1,400 square feet.

2 apartments	2 bedrooms	2 baths	each appr. 1,400 sq. ft.
1 apartment	2 bedrooms	2 baths	appr. 900 sq. ft.

Funding for this project is still to be determined. Initial funds received will assist in predevelopment costs with an emphasis on two accessible, affordable units targeting veterans with special needs.

To learn more about GROWTH's revitalization efforts, contact Brian Hollenback at 309-788-6311, [brian@teamrockisland.com](mailto:brian@teamrockisland.com), or visit [www.LiveRI.com](http://www.LiveRI.com).

## AGREEMENT

THIS AGREEMENT is entered into this \_ day of \_\_\_\_\_, 2013 by and between ROCK ISLAND ECONOMIC GROWTH CORPORATION ("Growth") and the CITY OF ROCK ISLAND, an Illinois Municipal Corporation ("City").

WHEREAS, Growth intends redevelop a multi-unit residential / commercial building known as "Star Block" as part of the implementation of the Downtown Plan, and;

WHEREAS, it is the intent of the City to support development within the downtown;

NOW THEREFORE, the parties, in exchange for the promises herein contained the receipt and sufficiency of which are hereby acknowledged agree as follows:

1. The Growth will redevelop the 137-year old historic, landmarked building at 1821-1823 2<sup>nd</sup> Avenue, known as the star block. The redevelopment includes 1,600 s.f. of commercial space and 8 residential units.
2. The Growth agrees that the total costs of the project, including but not limited to land acquisition, site development, planning, engineering, legal services, marketing, professional fees, mortgage interest, construction loan interest, labor and construction materials is estimated to exceed One Million Seven Hundred Thousand Dollars (\$1.7 million).
3. The City agrees to contribute cash to Growth in the sum total of up to Three Hundred and Fifty Thousand Dollars and 00/100 (\$350,000) to be used to support The Star Block with said contribution derived from Tax Increment Finance (TIF) revenues. If the project does not proceed as contemplated by this agreement, all funds contributed by the City shall be paid back to the City.
4. The City agrees to contribute a façade grant (cash) to Growth in the amount of Thirty Thousand Dollars (\$30,000) to support the redevelopment of this local landmark.
5. Growth hereby agrees to expend said TIF revenues only on those elements of the project that are eligible activities under 65 ILCS 5/11-74.4) and to comply with all applicable requirements for the use TIF funds under 65 ILCS 5/1-74.4. Prior to the release of said funds, a representative from the city and the Growth shall meet and confer on the use of the funds.

6. Growth hereby acknowledges that use of City funds requires compliance with the Illinois Prevailing Wage Act (820 ILCS 1130) as amended.
7. This Agreement shall be governed and construed in accordance with the laws of the State of Illinois with jurisdiction and venue in Rock Island County.
8. Growth hereby agrees to commence work on the Property no later than August 2013 and have all construction work completed and all units ready for occupancy no later than August 2014. Failure to complete construction by the date specified herein shall be considered a material breach of this agreement entitling the City to terminate this agreement by written notice to Developer at his address of such intention not less than fourteen (14) days prior to the desired termination date.
9. In the event of a default under this Agreement by either party hereto which default is not cured within thirty (30) days of the date of receipt of notice to the defaulting party specifying that said party has failed to perform a particular obligation, the other party shall have an action for damages or, in the event damages would not fairly compensate the non-defaulting party of this Agreement, the non-defaulting party shall have such other equitable rights and remedies as are available at law or in equity.
10. Delays by the Growth or City in performing obligations hereunder due to acts of God or strikes, fires, floods, explosions, wars, differences with workers, delays in transportation or accidents during construction, military arrest or restraints, acts, demands or requirements of the United States or any state or territory thereof, or any governmental subdivision thereof, or due to any other causes whatsoever, whether similar or dissimilar to those above enumerated which are beyond Growth's or City's control and not resulting from Growth's or City's fault shall cause an automatic extension of the starting and/or completion dates for the period attributable to any such cause. The affected component of this Agreement shall be deemed suspended for so long as its extension is prevented or delayed by such cause.
11. Time is of the essence of this Agreement.
12. The rights and obligations of the Growth are fully assignable by means of written notice to the City, provided that no assignment shall be deemed to release the Growth of its obligations to the City under this Agreement

unless the consent of the City to release of the Growth's obligations is obtained.

13. Either party to this Agreement may elect to waive any remedy it may enjoy hereunder, provided that no such waiver shall be deemed to exist unless the party waiving such right or remedy does so in writing. No such waiver shall obligate such party to waive any right or remedy thereafter, nor shall it be deemed to constitute a waiver of other rights and remedies provided said party pursuant to this Agreement.
14. If any term or provision of this Agreement is held to be invalid or unenforceable, to any extent, the remainder of this Agreement shall continue to be fully valid and enforceable.
15. Notices, demands, consents, approvals or other instruments required to be permitted by this Agreement shall be in writing and shall be executed by the party or an officer, agent, attorney of the party, and shall be deemed to have been effective as to the date of actual delivery, if delivered personally, or as of the third day from and including the date on which it is mailed by registered or certified mail, return receipt requested, with postage prepaid addressed as follows:

To Developer:           Rock Island Economic Growth Corporation  
                                  100 19<sup>th</sup> Street  
                                  Suite 109  
                                  Rock Island, IL 61201

To City:                    City Clerk  
                                  City of Rock Island  
                                  1528 3rd Avenue  
                                  Rock Island, IL 61201

16. This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their devisees, successors and assigns.
17. The preambles contained herein are incorporated in this Agreement by this express reference and made a part hereof.

18. This Agreement embodies the entire agreement between the parties and supersedes any written or oral agreement and may be amended or supplemented only by an instrument in writing executed by the parties hereto.

City of Rock Island

Rock Island Economic Growth Corporation

\_\_\_\_\_  
Thomas Thomas, City Manager

\_\_\_\_\_  
Brian Hollenback

ATTEST:

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Aleisha Patchin, City Clerk