# Three Roots Capital
## Knoxville, Tennessee

Three Roots (3Roots) located in Knoxville, Tennessee, was certified as a CDFI in January 2015. Its team has a twenty-year history in community development finance and $65 million of assets under management. Three Roots' strategy is based on focused, lead generation around its core business strategy of making loans to job creating small businesses, place making commercial real estate, and community facilities in low-income communities.

3Roots addresses the needs and challenges of its Target Market by using financial products and developmental services to support client companies in growing the three roots of a successful business – access to capital, connections, and expertise. Financial products include loan and equity programs as well as access to a broader network of regional lenders and investors. Direct lending and investing programs through 3Roots include a microloan fund, USDA Rural Microentrepreneur Assistance Program (RMAP), a proof of concept, micro-equity fund (TennesSeed Fund), and a general small business loan fund.

3Roots' developmental services include direct mentoring, coaching, classroom instruction, moderating panels, participation in area-wide innovation and entrepreneurial activities, and workshops around business plan development, financial budgeting and modeling, fundraising, marketing and branding, and operational scaling.

The CDFI fund awarded a Technical Assistance Grant to Three Roots in August 2017 and 2018.

**Organization Highlights**

- Timeframe/years for the organization highlights: January 2015 – August 2018
- Jobs created or retained: 305 retained; 952 created (projected)
- Businesses assisted: 229 businesses including 315 entrepreneurs
- Total square footage of commercial or retail space developed: 218,466
- Total assets under management: $65M

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## Main Street Oak Ridge Redevelopment

Oak Ridge is a distressed municipality in Anderson County, Tennessee. Three Roots' personnel have been engaged in this community for more than twenty years, with strong ties to regional economic development, the city Industrial Development Board, regional institutions, and state and local governments. As part of its "Main Street Oak Ridge" plan, the city is planning and has initiated the redevelopment of dormant commercial real estate, which has been unoccupied and/or unproductive for twenty years. The plan's vision includes over 600,000-square feet of mixed-use projects.

Part of the Main Street plan, and critical to Oak Ridge, is the need for additional hotel rooms to support business and government activities. A governing board member of Three Roots, who is also a former Mayor of Oak Ridge, helped introduce the hotel project to Three Roots because the hotel had stalled on conventional financing. Funding this project involved community engagement at the city manager's office, the director of development for the city of Oak Ridge, and several bank partners of Three Roots. Leveraging the benefits of its CDFI/CDE status, Three Roots was able to provide a $6 million loan for the construction of the new hotel.

Further, triggered by Three Roots' engagement in the "Main Street Oak Ridge" redevelopment strategy, Three Roots has financed two other commercial real estate projects totaling $2.3 million that are contributing to the redevelopment of the area.

**Project Highlights**

- Median Income Compared to Area Median Income (AMI): 58.37%
- Unemployment Rate: 4.5%
- Poverty Rate: 17.2%
- Jobs created or retained: 44 FTE