



MICHIGAN STRATEGIC FUND

“EXHIBIT A”

BUILD MI COMMUNITY GRANT INITIATIVE GUIDELINES

Overview

The Build MI Community Grant (the “BMC”) is an initiative designed to promote private investment in Michigan communities. Administered by the Michigan Economic Development Corporation (MEDC) on behalf of the Michigan Strategic Fund (MSF), this tool provides access to real estate development gap financing for small scale, incremental redevelopment projects.

Goals

The Build MI Community Initiative has been established to re-activate underutilized or vacant space into vibrant areas by promoting capital investment into redevelopment projects being taken on by developers and property owners with limited real estate development experience and familiarizing them with the development process in order to position them to potentially undertake more complex projects in the future.

Eligible Applicants

Eligible applicants are individuals or entities who have limited commercial and/or mixed-use redevelopment/development experience (maximum 2-3 commercial projects).

Eligible Properties

Competitive projects will generally be located in or within a 5-minute walking distance of a downtown or traditional commercial corridor¹. Preference will be given to projects located in a Geographically Disadvantaged Areas².

Project Considerations

Staff will also evaluate proposed projects based on the following considerations; the most competitive BMC project submissions will address local and regional impact, place, and economic and financial considerations. These are listed below by category and are in no particular order. Projects meeting multiple considerations will be more competitive and more likely to receive a positive staff recommendation.

¹ A “traditional downtown” or “traditional commercial” corridor is defined as a grouping of 20 or more contiguous commercial parcels containing buildings of historical or architectural significance. The area must have been zoned, planned, built or used for commercial purposes for more than 50 years. The area must consist of, primarily, zero-lot-line development and have pedestrian friendly infrastructure.

² Geographically Disadvantaged Areas are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes.



Local and Regional Impact Considerations

- Project supports the vision and goals stated in the local master plan, downtown plan, capital improvements plan and/or economic development strategy.
- Project supports region-wide economic development strategy or initiative.
- Readiness of infrastructure – utilities, housing, transportation, public transit and other community services.
- Located in a community engaged in the Redevelopment Ready Community program
- Located in a designated Michigan Main Street community
- Located in a Geographically Disadvantaged Area (GDA) [Click here](#) to see a public map of Michigan's Geographically Disadvantaged Areas.

Place Considerations

- Development maintains urban form that is zero-lot lined, pedestrian oriented, with integrated rear entry, or off-site parking, and/or includes the availability of transportation alternatives.
- Contributes to a traditionally dense mixed-use area and, where possible, contains multi-story elements. Development maintains district character, density, number of stories appropriate to its surroundings.
- Rehabilitation, infill and historic revitalization projects.
- Promotes mixed-income neighborhoods.
- Addresses improvement to non-motorized transportation.

Economic and Financial Considerations

The following financial conditions will be considered by staff when determining a project's competitiveness for Build MI Community grant support:

- Availability of financing for the project
- Long-term financial viability of the project as demonstrated through project proforma
- Financial need for the project is exhibited

Eligible Funding and Match

Eligible funding and applicant match is defined as at least one, or any combination of, the following expenditures.

Collectively these expenditures are eligible for funding and/or applicant match and are referred to as "Eligible Costs":

- a. acquisition fees or costs for real property,
- b. fees or costs for alteration, new construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections,
- c. fees or costs for site improvements to an approved project, including, a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing,



- d. fees or costs for the addition of machinery, equipment or fixtures to an approved project,
- e. Professional fees or costs for an approved project for architectural services, engineering services, environmental, or surveying services,
- f. developer fees not to exceed the lesser of 10% of total project costs or \$150,000
- g. other costs may be considered on a case-by-case basis.

AWARD STRUCTURE

MSF support that is in the form of a grant shall not be less than \$50,000 but not greater than the lesser of 50% of project costs not to exceed \$250,000 for any project. For communities with populations of 15,000 or less, 30% of the annual funding will be set aside for a period of up to six months of that fiscal year. Grants shall also include provisions requiring grant funds to be paid back to the MSF when certain requirements are not met. Applicants may also be eligible for additional funding, up to an additional 10% of project award, for real estate development training and/or technical assistance.

APPLICATION AND SELECTION PROCESS

All applicants are required to submit an application while working with their Community Assistance Team specialist. Community Assistance Team staff can be identified by going to miplace.org. The approval process will generally take approximately 60 to 90 days to complete. The timing for project consideration is impacted by various factors which may include changes to project scope, inadequate or incomplete documentation, and project complexities.

The following is a high-level summary of the process.

1. Applicant provides completed application with additional supporting documents.
2. MEDC reviews project based on the criteria which expounds upon the project considerations outlined above.
3. MEDC staff completes a full statutory and financial review.
4. MEDC prepares a recommendation to the Michigan Strategic Fund (MSF) Board authorized delegates for project consideration.
5. MEDC drafts appropriate legal agreement.
6. Applicant completes milestones outlined in the agreement and necessary for disbursement of funds.
7. Applicant completes required reporting following project completion.
8. MEDC completes compliance verification and project closeout.

All MSF support shall be memorialized by final written grant agreements, with terms and conditions in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation, requiring performance-based milestones which shall govern disbursements; and requiring periodic reporting of data, financial information, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project.