The **Building Rehabilitation** initiative funds the exterior and/or interior rehabilitation of existing buildings in traditional downtowns. The tool is in place to promote traditionally dense mixed-use areas, increased economic and pedestrian activity and to facilitate the reinvigoration of city centers, attracting talent to Michigan communities.

The applicant for this tool must be the local unit of government, so building owners will need to work closely with the local municipal staff to initiate and move forward with a project application. Contact the [Community Assistance Team (CATeam)](mailto:CATeam@MichiganEconomicDevelopment.com) to get connected with the local government staff and learn more about the program!

**PRIORITY PROPERTIES**
Projects in downtown buildings that contain conditions of blight may be eligible for funding. Please reference the [Community Development Guidance](mailto:CommunityDevelopmentGuidance@MichiganEconomicDevelopment.com) document for more information on place criteria considered. Property must qualify as blighted through a letter/report summarizing conditions. The letter/report shall describe how the project will eliminate identified conditions and/or identify elements required to be added to the building, in order for the project to receive a certificate of occupancy. The letter/report must come from a registered licensed building inspector, licensed or certified local building official/code enforcement officer or licensed third-party building contractor. Additionally, in some cases, restoration of historic elements may be eligible for funding if a building meets historic standards.

**PROJECT ACTIVITIES AND TYPICAL EXPENSES**
Project activities must include elimination of blight and may also include activities that are necessary for property rehabilitation, including:
- Hard costs for rehabilitation and construction
- Architectural and engineering
- Fire suppression and separation
- Evaluation and abatement of lead and asbestos
- Performance and payment bonding
- Appliances (must be Energy Star® rated)
- Historic preservation
- Site work such as landscaping or sidewalks on the property

Building owners should consult with local municipal officials to confirm any requirements that will need to be considered when scoping, designing and estimating project activities and expenses.

CDBG funds may only cover costs associated with eliminating conditions of blight and, in some cases, may also cover historic preservation activities. Other project activities necessary for project completion may still be included in the project scope but will need to be covered by private matching funds.
REHABILITATION AND QUALITY STANDARDS
Projects seeking funding must address blighted conditions identified in a letter/report from a registered licensed building inspector, licensed or certified local building official/code enforcement officer or licensed third-party building contractor. For projects seeking to activate space for residential use, improvements should include quality-enhancing features such as new cabinets, upgraded countertops, exposed ceilings and architectural elements, refinished wood floors or new flooring, upgraded light fixtures, upgraded plumbing fixtures and more. At a minimum, housing quality standards established in 24 CFR SEC. 982.401 or locally adopted building and housing code standards and ordinances must be followed, whichever is higher. “Green” features and energy-efficient improvements are strongly encouraged for both residential and commercial spaces.

Applicants will be required to complete asbestos and lead-based paint compliance worksheets to determine the applicability of asbestos and lead-based paint requirements for the project. Please be aware that specially licensed contractors may be required to address findings related to lead and/or asbestos abatement.

FUNDING MATCH AND PROJECT SIZE
All projects must include at least 50% non-CDBG matching funds. CDBG grant requests must be between $100,000 and $2 million to be eligible for consideration under the Building Rehabilitation initiative.

CDBG funds can also be utilized to cover the costs associated with a certified grant administrator (CGA), as well as consultants necessary to complete the NEPA-required environmental review. These administrative costs will be considered separately from project expenses and do not count toward the match calculation.

DAVIS-BACON WAGES
The Davis-Bacon Act requires the payment of prevailing wage rates (which are determined by the U.S. Department of Labor) to all laborers and mechanics on certain construction projects in excess of $2,000 that involve federal funding, such as CDBG. Davis-Bacon wages apply to all building rehabilitation projects.

HELPFUL TIPS TO CONSIDER
- The CDBG application process can take six to nine months from submission of a complete application material to MSF approval.
- Performance and payment bonding is a requirement for projects with a total anticipated cost of $250,000 or greater. Work with your CATeam specialist to determine how this may impact your project budget.
- Funding for the building rehabilitation program is an annual allocation available on a first-come, first-served basis according to projects that meet program requirements.
- Work with the Community Assistance Team (CATeam) to determine whether historic preservation activities may be appropriate to include in your project scope. The CDBG program utilizes Title I, which identifies historic properties as buildings which:
  » Are listed in or eligible for listing in the National Register of Historic Places;
  » Are certified as historic properties by the Secretary of the Interior for purposes of the Economic Recovery Tax Act or related federal tax laws,
  » Are listed in a state or local inventory of historic places, or;
  » Are designated by state law or local ordinances as a state or local landmark or historic district.
- All CDBG projects will be required to complete a NEPA environmental review, which often includes review by the State Historic Preservation Office.

HOW TO KICK OFF THE PROCESS
Contact the Community Assistance Team (CATeam) to learn more about the application process and next steps to initiate an application.