MEDC Talk to Me:
Your Road to Development

Monday, February 13 | 11:00AM - 12:30PM
MODERATORS

Pablo Majano
Senior Community Planner

Stephanie Peña, AICP
Community Planner
MEDC is Committed To Enabling Long-term Upward Economic Mobility for All Michiganders

Strategic Focus Areas

- **Attract, retain and grow businesses**
  - Attract, keep and grow businesses in industries that support maximum growth in jobs, wages and investments

- **Support and grow our talent**
  - Cultivate the skills and talent needed for in-demand and high-growth occupations statewide

- **Develop attractive places**
  - Collaborate with local communities and partners to create places in which people and talent want to live, work, visit and play

- **Accelerate high-tech innovation**
  - Support entrepreneurial growth to enable commercialization and new high-tech business creation

- **Market the state**
  - Promote Michigan’s image as a world-class business location and travel destination

- **Support small business**
  - Help existing small and microbusinesses grow and thrive and improve economic prosperity for all through small business ownership
AGENDA

01  MEDC’s Developer Toolkit
    Pablo Majano, Senior Community Planner

02  Your Road to Development Panel
    Edward Carrington + Shannon Morgan

03  MEDC’s Tools for Emerging Real Estate Developers
    Brittney Hoszkiw, Senior Community Development Manager

Edward Carrington, Flux City
Shannon Morgan, Renovare
Brittney Hoszkiw, MEDC
The initiative serves real estate entrepreneurs and provides access to real estate development gap financing for incremental redevelopment projects.
**AWARD STRUCTURE & FUNDING**

- **Grant ranges** between $50,000 - $250,000.
  - Cannot be greater than the lesser of 50% of projects costs for any project.

- **Approximately 30% of funding** will be set aside for communities with populations of 15,000 or less.

- **Grant disbursements** follow development milestones with 100% of the award being awarded at construction completion and issuance of a "Certificate of Occupancy" as well as completion of other performance-based criteria.

- Applicants may also be eligible for additional funding, up to 10% of project award, for real estate development training and/or technical assistance.
ELIGIBILITY

- Project led by an individual or entity with limited real development experience (maximum of 2-3 commercial projects)

- Generally, project will be located within 5-minute walking distance of downtown or commercial center

- Intended for the activation or reactivation of space, not intended for façade improvement only or single-family projects.
## PROJECT CONSIDERATIONS

### IMPACT
- Geographically disadvantaged area
- Support local goals
- Supports region wide economic development strategy
- Readiness of infrastructure
- Located in RRC or MMS Community

### PLACE
- Pedestrian oriented
- Contributes to traditional dense, mixed-use area
- Rehab, infill or historic rehab
- Promotes mixed-income neighborhoods
- Addresses improvements to nonmotorized transportation
FINANCIAL ECONOMIC CONSIDERATIONS

- Minimum 1.20:1.00 Debt Service Coverage Ratio on a stabilized proforma basis
- Private owner equity investment of 5% or greater
- Developer and other related party fees limited to 10% of total development costs or up to $150k
- Maximum developer Returns of 15%, based on 20-year investment horizon (IRR)
- Maximization of available senior debt, utilizing a federally insured lender or other lender deemed acceptable by MEDC staff
- Minimum senior financing term of 48 months
- Preferred amortization period of 240 month or greater, minimum of 180 months
- Minimum construction contingency of 15% of hard construction costs
- Maximum award amount of up to 50% of the eligible project costs
- General contractor builder profit/overheard/general requirements limited to 14% of construction hard costs
- Developer has completed a maximum of two projects of similar size and scope or greater
Community Revitalization Program
Gap financing for commercial real estate programs located within traditional commercial districts.

Brownfield Tax Increment Financing
Reimbursement of eligible expenses associated with site prep and environmental contamination.

Public Spaces Community Places
Crowd-granting program intended to activate public space.
1 Priority project identified
2 Demonstration project has gap
3 Financial review
4 Letter of interest issued
5 Underwriting/structuring/statutory requirements submitted and evaluated
6 MSF or delegate approval
7 Agreement signed
8 Milestones/compliance
EMERGING DEVELOPER ROADSHOW | FALL 2023
Community Development Managers
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RESOURCES
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