MICHIGAN COMMUNITY REVITALIZATION PROGRAM

The Michigan Community Revitalization Program (MCRP) is an incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC), designed to promote community revitalization that will accelerate private investment in areas of historical disinvestment; contribute to Michigan's reinvention as a vital, job generating state; foster redevelopment of functionally obsolete or historic properties; reduce blight; and protect the natural resources of this state. The program is designed to provide grants, loans, or other economic assistance for eligible investment projects in Michigan.

WHO IS ELIGIBLE?

A person or two (2) or more persons may apply to the MSF for approval of MCRP incentives associated with a project.

ELIGIBLE PROPERTY

The applicant shall include documentation establishing that the project is located on eligible property, meaning property meeting one or more of the following conditions (MCL 125.2090a[e]):

- Facility;
- Historic resource;
- Blighted;
- Functionally obsolete;
- Adjacent or contiguous to a property described above, if the development of the adjacent or contiguous property is estimated to increase the taxable value of the property described above; or
- Any other property that previously met the conditions as a facility, functionally obsolete or blighted within the last 15 years.

ELIGIBLE INVESTMENT

Eligible investment to an eligible property is considered based on one or more of the following categories as further determined by the MSF Board (MCL 125.2090a[d]):

- Any alteration, construction, improvement, demolition or rehabilitation of buildings;
- Site improvement;
- The addition of machinery, equipment or fixtures; and
- Architectural, engineering, surveying and similar professional fees for a project but not certain soft costs of the eligible investment.

PROGRAM PROVISIONS AND GUIDELINES

The MSF's support will not exceed 25 percent of the total eligible investment for a single project, and in no event exceed a total of $10,000,000 for loan agreements or $1,500,000 for grant agreements, or $10,000,000 for a combination of support. Any grant or loan under the program will be performance based. Grants and loans will include flexible terms and conditions and may be assignable upon approval of the MSF. Loan terms and conditions may include below market interest rates, extended grace and repayment provisions, forgivable terms and no security or some security (which may be subordinated). As required by the act, all written agreements will include a repayment provision for failure to comply with the provisions outlined in the written agreement. Other economic assistance may include loan participation or equity investment with terms acceptable to the MSF.

The MSF shall consider the following factors when considering a project for MSF support:

- Projects which include revitalization of regional urban areas shall be given preference for MSF support;
- MSF support shall not include support for economic based projects that are not located in a downtown or traditional commercial center and that do not primarily promote the revitalization of urban areas;
- The importance of the project to the community in which it is located;
- Whether the project will act as a catalyst for additional revitalization of the community in which it is located;
- The amount of local community and financial support for the project;
- The applicant's financial need for the incentive;
- The extent of reuse of vacant buildings, reuse of historical resources and redevelopment of blighted property;
- The level and extent of environmental contamination;
- Creation of jobs;
- The level of private sector and other contributions, including, but not limited to, federal resources;
- Whether the project is financially and economically sound;
- Whether the project increases the density of the area;
- Whether the project promotes mixed-use development and walkable communities;
- Whether the project converts abandoned public buildings to private use;

©2016 Michigan Economic Development Corporation℠

- Whether the project promotes sustainable development;
- Whether the project addresses area-wide redevelopment;
- Whether the project addresses underserved markets of commerce;
- Whether the project involves the rehabilitation of a historic resource;
- If the rehabilitation of the historic resource will meet the federal secretary of interior's standards for rehabilitation and guidelines for rehabilitating historic buildings; 36 CFR 67; and
- Whether the project will compete with or affect existing Michigan businesses within the same industry.

MSF support will be memorialized by final written grant, loan or other economic assistance agreement with terms and conditions in accordance with the MCRP guidelines and otherwise satisfactory to the MSF including, without limitation, requiring performance-based milestones which will govern disbursements and periodic reporting of data during project revitalization efforts and after completion of the project. Financial information and any other information required to facilitate reporting to the MSF board and the Michigan Legislature will be included in the agreement.

FEES

Fees may be charged for loan or other economic assistance projects to cover third-party expenses and other administrative costs.

PROCESS

All projects are subject to an application and due diligence process conducted by the MEDC. Projects that receive MEDC support will require the MSF's approval and an agreement between the MSF and the qualified applicant. The following steps are offered as general guidelines on typical steps, timelines and responsibilities.

Step 1: Contact your local community for review and evaluation. If support is confirmed at local level, contact *Community Assistance Team (CATeam) specialist* for review and evaluation of the project.

Step 2: If the project evaluation is determined to meet the criteria of the MCRP, the applicant shall complete a project intake form and provide specific supporting documents.

Step 3: Following submission of the intake form and supporting documents, the project will undergo a needs analysis and the CATeam specialist will present the project to MEDC staff with a recommendation.

Step 4: If supported, a letter of interest (LOI) will be provided for the project with a preliminary incentive structure identified. Along with the LOI, an application and a detailed listing of the required financial due diligence and legislative requirements needed to move the project forward within a specified time period will be provided.

Step 5: Final application and due diligence materials are submitted and reviewed and the final award amount is determined.

Step 6: All projects seeking approval will be considered by the MSF with recommendation of support by MEDC staff. Approvals and timelines will depend on the size and type of the incentive request. If approved, an agreement will be executed that establishes milestones to be met in order for incentive proceeds to be disbursed at project completion.

CONTACT INFORMATION

For more information on the MCRP incentives, please contact the CATeam specialist assigned to your territory. Also, you can contact the MEDC customer contact center at 517.373.9808.

LINKS TO OTHER RESOURCES

Michigan Strategic Fund Act 270 of 1984, Chapter 8C

Michigan Community Revitalization Program Guidelines with Incentive Parameters

©2016 Michigan Economic Development Corporation℠