



**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

MEDC Tools & Resources

Doing Development in Detroit: Webinar Series

Annie Mendoza, Community Development Manager, Region 10 (City of Detroit)

November 19, 2024



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

What to expect?

Who we are...
How we work...
What's available...



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

Who we are

MEDC IS COMMITTED TO ENABLING LONG-TERM UPWARD ECONOMIC MOBILITY FOR ALL MICHIGANDERS



MISSION

Achieve long-term economic prosperity for Michiganders by investing in communities, enabling the growth of good jobs and promoting Michigan's strong image worldwide



VISION

Make Michigan's economy the nation's fastest growing, most equitable and most resilient by:

Achieving 'Top 10' status for:

- Job growth in targeted sectors
- Equitable job growth
- Real median household income growth

Attaining the largest net gain of talent in the Midwest

Becoming top ranked EDO

GUIDING PRINCIPLES



Sustained, long-term growth

Accelerate long-term job growth to address impacts of automation and protect Michigan's economy against downturns.



Regional impact

Support every region – from rural areas to urban centers – to improve economic outcomes for all.



Equitable, high-wage growth

Provide equitable pathways toward high-wage growth that supports opportunities for all.



Customer focus

Bring a customer-first, partner-driven mentality to all we do.

STRATEGIC FOCUS AREAS



Attract, retain, and grow business

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



COMMUNITY DEVELOPMENT

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

COMMUNITY DEVELOPMENT

Technical Assistance

- Redevelopment Ready Communities®
- Michigan Main Street
- Redevelopment Services Team

Small Business Support

- Match on Main
- Community capital
- B-Corp education
- Michigan Small Business Development Center

Development Tools

- Michigan Community Revitalization Program
- State Brownfield Tax Increment Financing
- Public Spaces, Community Places
- Build MI Communities Program
- Revitalization and Placemaking Grant

Historic Preservation

- Certified Local Governments (CLGs)
- Historic Preservation Tax Credits
- Local Historic Districts & Surveys
- Michigan Lighthouse Assistance Program



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

What's available

MEDC & the Michigan Strategic Fund Board



Development Tools:

Michigan Community Revitalization Program

State Brownfield Tax Increment Financing

Events & Resources

Revitalization and Placemaking (RAP 3.0)

Build MI Communities Program

Public Spaces, Community Places

COMMUNITY PARTICIPATION EXAMPLES

All projects, regardless of incentive type, must have financial contribution from the community to be competitive.

Examples:

- TIF
- Tax Abatements
- CRA
- OPRA
- Land Donation
- Façade Investment
- Infrastructure Investment

INVESTING IN PLACE

Growing vibrant, diverse, and resilient places that attract investment, innovation, residents and visitors.

FINANCING AND INCENTIVES

All place-based gap financing program investments will be evaluated on the following **REQUIRED** primary criteria to identify high priority projects:



Alignment with local vision and goals identified in a master plan, downtown plan, capital improvements plan and/or economic development strategy.



Reuse of vacant or underutilized properties located in and contributing to a vibrant walkable mixed-use district.



Readiness as evidenced by local approval, public support, secured financing and market demand.



Association with and catalyst for business growth and retention investments.

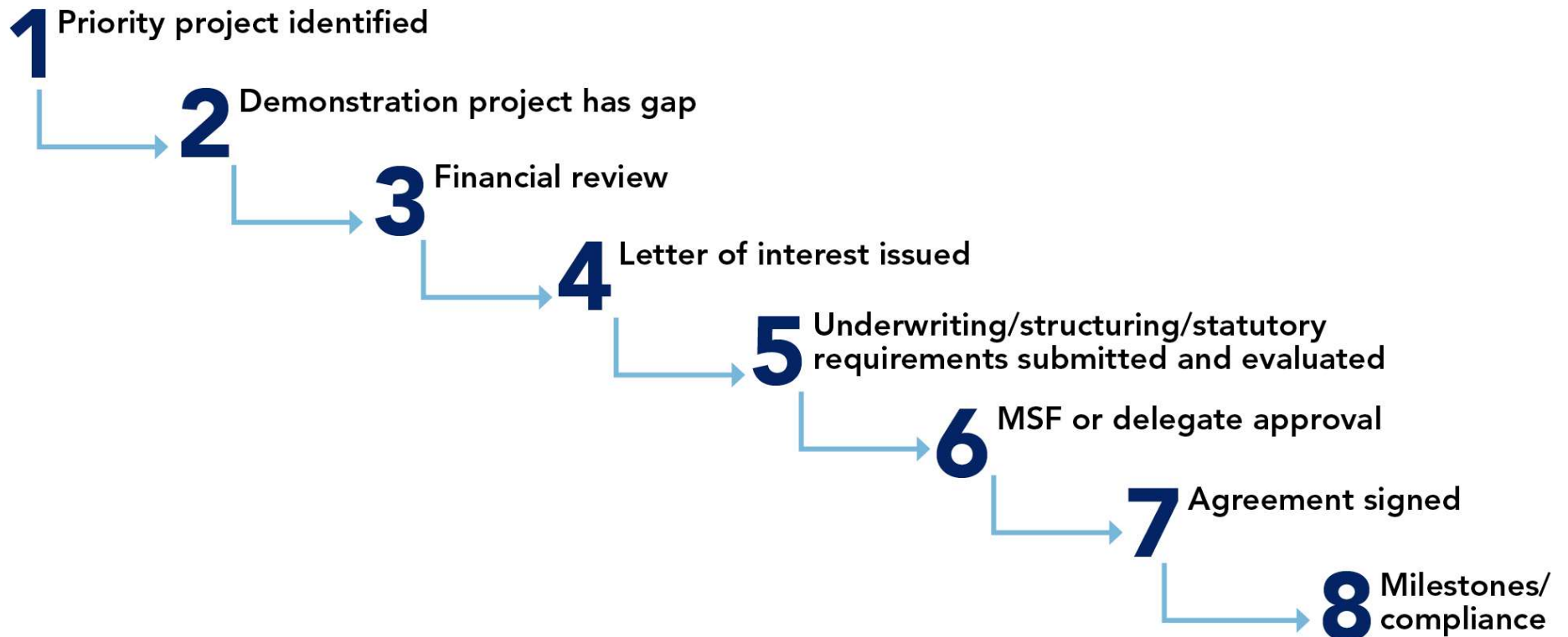


Demonstration of financial need, with reasonable costs and other funding sources explored and maximized.



Alignment with program-specific statutory requirements.

CD PROJECT SCOPING & UNDERWRITING



REVITALIZATION & PLACEMAKING PROGRAM 3.0



- **Real Estate Rehabilitation and Development Projects**
 - **Eligible Applicants: Non-profits and local economic development organizations or private real estate developers.**
- **Public Place-based Infrastructure Projects**
 - Eligible Applicants: Municipal or economic development organizations such as Downtown Development Authorities, local units of government, local Land Bank Fast Track Authorities.
- **Façade Improvement Program Implementation Projects**
 - Eligible Applicants: Economic development organizations and other public entities working to improve the streetscape in traditional downtowns and neighborhood commercial nodes.

RAP 3.0

Real Estate and Rehabilitation Projects

PROGRAM ELIGIBILITY

- Must qualify as Previously Developed Property and may have previously contained or currently contains a structure.
- Must be located in or contributing to a traditional downtown, central business district, neighborhood commercial node or adjacent walkable neighborhood.
- Must have local financial contribution from community.
- Must have a RAP specific letter of support from both City of Detroit and Detroit Economic Growth Corporation.
- Must meet RAP underwriting considerations.
- Should demonstrating that all other financing sources have been exhausted.

RAP 3.0 REAL ESTATE PROJECTS

AWARD STRUCTURE & FUNDING CONSIDERATIONS

- Grant awards on a single project associated with the rehabilitation of vacant and blighted buildings or costs associated with the repurposing of space left vacant shall not exceed the lesser of \$1.5 million or 50% of Eligible Costs.
- Awards will be disbursed in two parts. The first disbursement will be for up to fifty percent (50%) of the eligible costs submitted, not to exceed fifty percent (50%) of the grant; and, upon Project completion, up to fifty percent (50%) of eligible costs submitted, not to exceed the remaining balance of the grant.



RAP 3.0 REAL ESTATE PROJECTS

FINANCIAL ECONOMIC CONSIDERATIONS

- I) Project maintains an average 1.20 to 1.00 Debt Service Coverage Ratio (DSCR) over a period of 20 years for all standard amortizing debt.
- II) Private owner equity investment of a minimum of 10%.
- III) Developer and Other Related-Party Fees limited to 4.0% or less.
- IV) Developer Returns of 12% or less, based on 20 year investment horizon (IRR).
- V) Maximization of available senior debt and all other available state and federal resources.**
- VI) Minimum senior financing term of 48 months.
- VII) 300 month preferred amortization period, minimum of 240.
- VIII) Utilization of a federally-insured lender, or other lender deemed acceptable by MEDC staff.
- IX) Contractor expenses for Builder Overhead/Profit/General Requirements limited to approximately 14% of hard costs
- X) Brownfield TIF eligible costs captured will be excluded from the eligible basis for RAP grant awards.
- XI) LIHTC supported development costs for residential units will be excluded from eligible basis for RAP awards.

RAP 3.0 REAL ESTATE PROJECTS

HOW TO APPLY

- Applications for RAP Real Estate will be reviewed on a rolling basis while funds are available.
- Download RAP workbook application online at: <https://www.michiganbusiness.org/rap/>
- MEDC Intake considerations:
 - Local partners (DEGC and City of Detroit)
 - Site control status
 - Project timeline/readiness
 - Estimated total project costs
 - Estimated capital stack (how your project is being financed)
 - Senior financing sources, estimated equity, estimated debt
 - Identified gap funding request from MEDC

Reach out to MEDC Community Development Manager *and* Detroit Economic Growth Corporation Real Estate Development Team to see if your project may be a good fit.

BUILD MI COMMUNITY GRANT

The Build MI Community Grant provides access to real estate development gap financing for small scale, incremental redevelopment projects. This is a performance-based grant and often requires bridge financing.

BMC was established to promote capital investment into redevelopment projects led by developers and property owners with limited real estate development experience.



BUILD MI COMMUNITIES PROGRAM [BMC]



PROGRAM ELIGIBILITY

- Generally, maximum project size of \$3.5 million
- 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-only or single-family projects.
- Individuals or entities who have successfully closed real estate deals using other MEDC financial tools are **not** eligible.

BUILD MI COMMUNITY

AWARD STRUCTURE & FUNDING CONSIDERATIONS

- Support will be in the form of a grant and will range between \$50,000 and \$250,000, but not greater than the lesser of 50% of eligible project costs for any project. Total project investment should not exceed \$3.5M.
- To access an additional \$100,000 (\$350,000 in total) applicants must complete real estate training.
 - Applicants may also be eligible for additional funding, up to 10% of project award, for real estate development training and/or technical assistance.
- 50% of award can be issued prior to construction completion, while the other 50% is issued when project receives a "Certificate of Occupancy", along with the completion of other performance-based criteria.

BUILD MI COMMUNITY

REAL ESTATE TRAINING

- University of Michigan: Real Estate Development Building Value in Your Community
- Building Community Value: Detroit
- Capital Impact Partners Equitable Development Initiative
- Community Economic Development Association of Michigan: Real Estate Development Boot Camp
- Incremental Development Alliance Webinars
- LCC: Real Estate Investing (Instructor or Self-Guided Course)
- Michigan State University Graduate Certificate - Real Estate Development and Construction
- University of Michigan Graduate Certificate in Real Estate Development
- Growing America: Supporting Empowered Emerging Developers

BUILD MI COMMUNITY

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 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/overhead/general requirements limited to 14% of construction hard costs
- Developer has completed a maximum of two projects of similar size and scope



Resources for Developers

- Toolkit Overview
- 1. Technical Assistance
- 2. Mentorship
- 3. Pre-Development
- 4. Development
- 5. Post Development
- 6. Pro Forma 101
- Talk to Me Webinars

TOOLKIT OVERVIEW & WEBINAR

MEDC's strategic focus aims to position Michigan on the leading edge of economic development. Supporting and growing the talent in Michigan is a key focus in accomplishing this goal. The Developer Toolkit and Build MI Community initiative provide technical assistance resources to real estate entrepreneurs and access to real estate development gap financing for incremental redevelopment projects. The organization is committed to eliminating barriers to accessing MEDC tools and services to better serve real estate entrepreneurs with limited experience, building a strong pipeline of developers in Michigan.

Through the steps outlined below, the goals of the toolkit are to:

- Develop connections to organizations and/or individuals providing support and services to real estate entrepreneurs with limited experience.
- Educate and provide awareness of Community Development Programs.
- Learn about opportunities to support real estate entrepreneurs with limited experience.



1. TECHNICAL ASSISTANCE



2. MENTORSHIP




3. PRE-DEVELOPMENT



4. DEVELOPMENT



5. POST DEVELOPMENT



VIEW THE PRO FORMA 101 GUIDE

[View Brochure](#)

ACCESSING CAPITAL AND NON-TRADITIONAL LENDING

CDFI Grid

Detroit CDFI Coalition

Your guide to Community Development Financial Institutions (CDFIs) serving Michigan

Visit the website of a CDFI for more details about the terms, interest rates, fees, and financing funds available for your project

How do I use this?

Ask yourself:
1 / What's my project or business?
 The Financing Sector below will help you decide based on five common types

2 / What type of financing product do I need?
 The Loan Products below indicates five common types of financing available for projects

Financing Sector					Loan Products							
Business	Multi-Family	Mixed Use	Consumer Mortgage	Other Consumer	Term Loans	Gap/Bridge	NIMTCs	Predevelopment	Low Income Housing Tax Credits	Grants	Detroit	Michigan
✓	✓	✓			✓	✓	✓	✓	✓	✓		
	✓	✓			✓	✓	✓	✓	✓			
✓			✓		✓		✓					
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✓	✓	✓	✓	✓	✓	✓		✓				

= Statewide Geography
 = Detroit Geography

Capital Impact Partners
capitalimpact.org / (313) 230-1116

Cinnaire
cinnaire.com / (313) 841-3751

Community Reinvestment Fund, USA
crfusa.com / (800) 475-3050

CSH
csh.org / (313) 209-6949

Detroit Development Fund
detroitdevelopmentfund.org / (313) 784-9547

First Independence Bank
firstindependence.com / (313) 256-8400

IFF
iff.org / (313) 309-7825

Invest Detroit
investdetroit.com / (313) 259-6368

Lake Trust Credit Union
laketrust.org / (888) 267-7200

Liberty Bank
libertybank.net / (313) 873-3310

LISC DETROIT
detroit-lisc.org / (313) 265-2819

Michigan Community Capital
michigancommunitycapital.org / (517) 626-1861

One Detroit Credit Union
OneDetroitCU.org / (313) 965-8640

Opportunity Resource Fund
oppfund.org / (313) 964-7300

BUILD MI COMMUNITY

HOW TO APPLY

- Applications for BMC will be reviewed on a rolling basis while funds are available.
- Download BMC workbook application online at MiPlace.org
- MEDC Intake considerations:
 - Local partners (DEGC and City of Detroit)
 - Site control status
 - Project timeline/readiness
 - Has construction started
 - Estimated total project costs
 - Estimated capital stack (how your project is being financed)
 - Senior financing sources, estimated equity, estimated debt
 - Identified gap funding request from MEDC

Reach out to MEDC Community Development Manager *and* Detroit Economic Growth Corporation Real Estate Development Team to see if your project may be a good fit.



PUBLIC SPACES
COMMUNITY PLACES

How it Works

- Projects that meet fundraising goal can receive a matching grant from MEDC of up to \$50,000.
- An additional amount up to \$25,000 (match) can be obtained for projects that meet Universal Design objectives. This is verified through an independent review from a disability advocacy organization.
- Any individual donor/entity can donate a maximum of \$10,000 or 35% of the goal to the raise

Eligible Applicants

Projects submitted by local communities and/or non-profit entities or LC3s. Projects must activate new public space or create accessibility within existing public spaces.



Types of Projects

- Streetscape Beautification & Walkability
- Public Plaza Development
- Access to Public Amenities (Riverwalks, Canoe Livery, Pier Enhancements)
- Farmer's Markets, Community Kitchens, Pop-Up Retail/Incubator Space, Art Education Centers
- Alleyway Rehabilitation
- Park Enhancements
- Bike Paths & Non-Motorized Infrastructure
- Community Theater Rehabilitation (non-profit)
- Any other project that **activates public space or a community place!**



Help Build Detroit's First Solar Training House!

Creating Inclusivity in Renewable Energy



- Detroit, MI
- Community
- Food & Agri
- Causes
- Placemaking
- Other
- Education

\$50,060

USD funded of \$50,000 USD goal

36

patrons

Project Closed

Success!



SUCCESS!

This campaign reached its goal on May 5, 2024 10:30 PM.



TAX DEDUCTIBLE

Community Treehouse Center Detroit is a Registered 501(c)(3). Tax ID 831802864.



CAMPAIGN BY:
Tammy Black

Email Directly

Story

Updates

Patrons

Our Mission...

We are the Community Treehouse Center Detroit (DBA Manistique Community Treehouse Center), a 501C3 in the Jefferson-Chalmers neighborhood. Our goal is to provide safety, creativity and support for the community by transforming blighted lots into productive, beautiful and accessible learning spaces for all.



PUBLIC SPACES
COMMUNITY PLACES

MIDTOWN GREEN ALLEY

DETROIT, MI



BEFORE

Overview: Transform the alley on Selden & Second Ave into a green and vibrant place, increasing walk-ability and community connectivity, plus the creation of the Selden Standard restaurant.



PUBLIC SPACES
COMMUNITY PLACES

MIDTOWN GREEN ALLEY

DETROIT, MI



Date Completed: August 2015
MEDC Investment: \$50,000 Public
Spaces, Community Places grant
program (approved FY14)
Private Investment: \$152,290
(\$52,290 crowdfunded
on Patronicity)
Public Square Feet Activated:
8,200 sq. ft.



PUBLIC SPACES
COMMUNITY PLACES



The Imlay City Downtown Development Authority brought new life (and equipment) to the outdated Rotary Park.

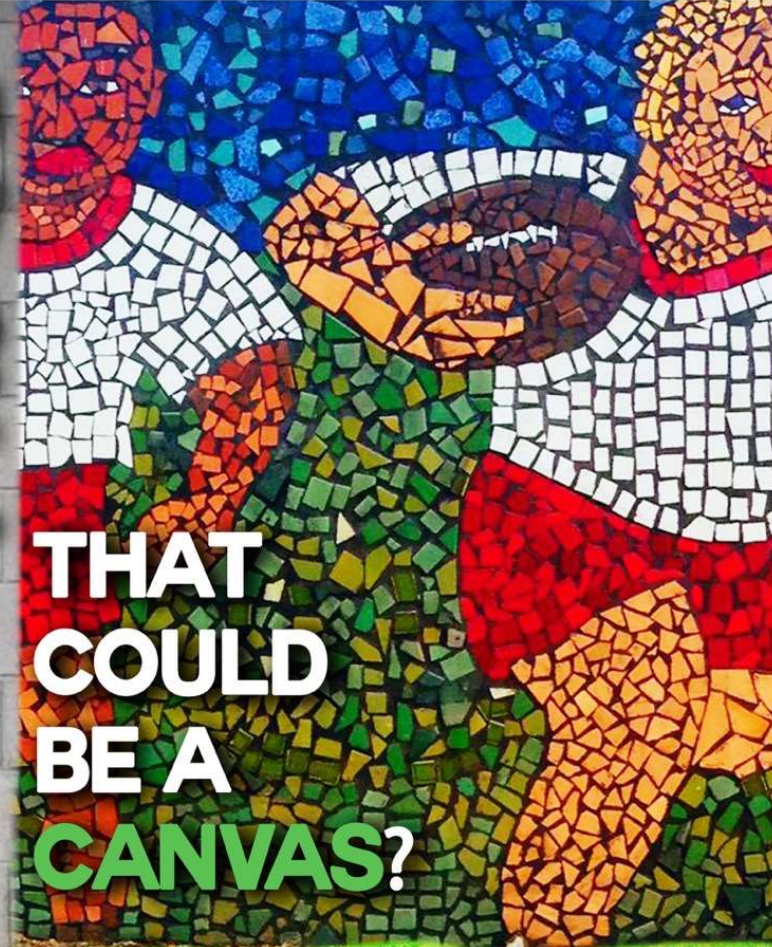
Patronicity.com *a civic crowdfunding & crowdgranting platform*



PUBLIC SPACES
COMMUNITY PLACES

**DO YOU
KNOW
OF A
BLANK
WALL**

**THAT
COULD
BE A
CANVAS?**

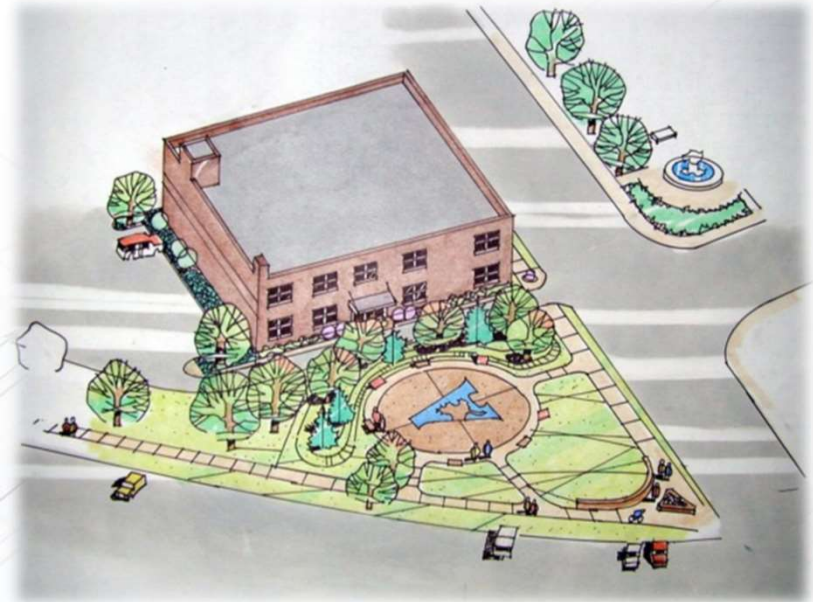


The Rosedale Development Corporation installed 8 large mosaic art works to the buildings in Stoepel Park.

Patronicity.com *a civic crowdfunding & crowdgranting platform*

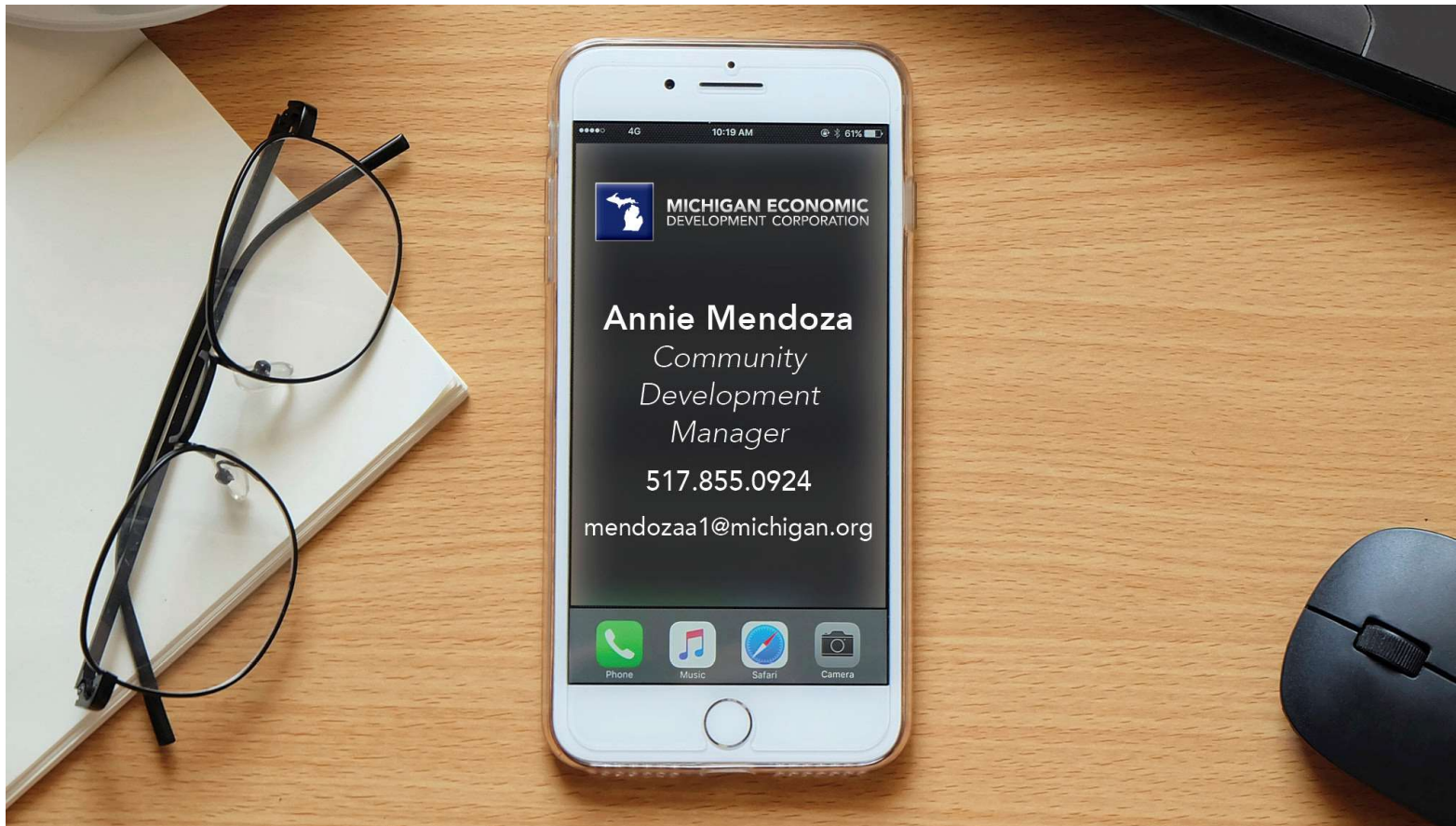
PSCP Process

1. Project Intake – CDM
2. Engage with Patronicity
3. Build online project profile
4. Patronicity application review
5. MEDC & MML application review
6. Patronicity “polishes” the project proposal
7. Crowdfunding goes live
8. Implementation



KEY TAKEAWAYS

- Proforma required for MCRP, BTIF, RAP, BMC
- It is critical to work closely with the DEGC and/or City of Detroit prior to starting a project or filling out any part of an MEDC application.
- MEDC Incentives are ALWAYS last to the table
- Prioritizing development opportunities
- The earlier, the better!
- There is no such thing as a crazy idea or question
- We are here as a resource – if not us, we will do our best to find the WHO you need!





MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

THANK YOU!
