

COMMUNITY DEVELOPMENT BLOCK GRANT SIGNATURE BUILDING ACQUISITION GRANT

The Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC), administers the economic and community development portions of the Community Development Block Grant (CDBG) program. CDBG is a federal grant program utilizing funds received from the U.S. Department of Housing and Urban Development (HUD). The community development portion of Michigan's CDBG program has a specific focus on downtown development that includes special funding for signature buildings in the traditional downtown.

The Downtown Signature Building program enables a community to secure a building that is a focal point within the downtown for commercial rehabilitation purposes that will result in job creation, and, once redeveloped, would become an asset and make a significant contribution to the overall downtown area. Specifically, the CDBG funding allows the community to acquire property that a developer would not typically purchase and redevelop due to the substantial amount of money required, that its current owners are experiencing challenges with developing and/or maintaining, and is currently being under used. Therefore, this program gives the community availability/accessibility to funding to stimulate economic opportunity within a downtown.

WHO IS ELIGIBLE?

Small cities, townships, and villages of less than 50,000 in population, and counties with a population of 200,000 or less are generally eligible to apply for grants under the Michigan CDBG Program. There are over 1,600 eligible general purpose local governments and these are referred to as **non-entitlement jurisdictions** (*click on link for complete list*).

Under the Michigan CDBG program, all projects must meet the following national objectives and the corresponding statutorily mandated requirements to be considered for funding:

- The activities will benefit persons of low and moderate income, as defined by Section 104(b)(3) of the Housing and Community Development Act and 24 CFR 570.483.

GRANT DETAILS

Downtown Signature Building Projects will be measured as to their ability to meet each of the following criteria:

- **National Objective**

Proposed projects are expected to result in the creation of full-time equivalent (FTE) jobs of which at least 51 percent of the created jobs will be held by low-to moderate-income persons.

- **Minimum Leverage Ratio**

Proposed projects are expected to leverage private and other public funds. Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is 1:1 or greater.

- **Project Type**

Specific parcels of property must be identified. Projects will be located in a traditional downtown, must be located in a DDA or other like- district, and must be accompanied by one appraisal along with the current SEV, documentation that all taxes are current, as well as verification that non-mortgage liens have not been placed on the property.

- **Matching Funds**

Funding priorities will be given to communities with the higher percentage of local matching funds (committed funds only). A minimum match of 25 percent is required.

- **Project Selection**

Priority will be give to communities that: show that the project is a signature troubled multi-story building in the downtown; location is in a historic district or is historically registered; has been vacant, partially vacant, or under used for three years or more; has sufficient parking for a rehabilitated building; a structural analysis has been completed for the building; local organizational capacity exists to successfully complete this project and building is part of the downtown plan; a full-time downtown development professional is in place for administration; there is a prior commitment to using downtown economic incentives; and the project is located in a strategically valuable mixed-use location/

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under-served market of the traditional downtown. Preference will be given to projects with job creation commitments.

• Project Provisions

All project beneficiaries must agree to abide by a five-year restricted resale and reuse provision policy that is formally identified with the grant documents. All jobs must be created within two years and be maintained until grant is closed. The community must complete an environmental review of the entire project.

The maximum Signature Building Acquisition Grant award shall not exceed \$500,000 and include a cash match.

GRANT ACTIVITIES

Examples of Eligible Grant Funded Activities:

Acquisition of the property (up to 75 percent of appraised value based on at least one recent appraisal)

Examples of Ineligible Activities/Match:

Exclusively residential structures, government owned buildings, except for Land Bank Properties, In-kind donations, renovation of building, appraisals

GRANT PROCESS

Typical process can take between 3–5 months until funds can be spent or contracts signed. Note: The following steps are offered as general guidelines only to provide some guidance to communities on typical steps, timelines and responsibilities.

1. Contact your CATeam specialist for review and evaluation of the project.
2. If the project evaluation is determined to meet the criteria of the program and it is a job creation project the community will be asked to complete a CDBG pre-application for project details.
3. Following submission of the pre-application your CATeam specialist will present you project to the CATeam staff for support to move the project forward. If supported your project is placed on the Michigan Strategic Fund Board agenda.
4. If the project is approved by the MSF board the community will be invited to complete a full application.

5. Once completed, the full application is reviewed by the CDBG project manager.
6. Following review and upon completion of all required items, the CDBG project manager prepares a grant agreement for the project.
7. Upon all documents being signed and approved, the CDBG project manager will give the community authorization to incur costs. ***Do not start any work or sign any contracts until you are given by authorization by the CDBG project manager to incur costs.***

WHY WOULD A COMMUNITY WANT TO APPLY FOR CDBG SIGNATURE BUILDING ACQUISITION GRANTS?

Many cities and villages across Michigan have prominent and significant buildings in various states of vacancy and/or disrepair, casting a negative light on their downtown commercial districts. Many of these buildings are still fundamentally sound and could be rehabilitated, but due to the significant costs associated with these projects, developers often cannot make it financially feasible to undertake this type of project, and these buildings are therefore lost to neglect. Signature Building Acquisition Grants are available for all eligible communities that seek the acquisition and rehabilitation of vacant, partially vacant or substantially vacant and under-utilized buildings located in their traditional downtown districts. The community receiving the grant can assist in funding the acquisition of the building, allowing the developer to lower his overall project costs and be able to devote more capital to the rehabilitation of the building.

CONTACT

To receive consideration for CDBG Signature Building Acquisition funding, initial contact should be made with the Community Assistance Team member assigned to your territory ([click link for map](#)). For more information, contact the MEDC Customer Assistance Center at 517.373.9808 or visit our website at www.MichiganAdvantage.org.