



**MICHIGAN ECONOMIC**  
DEVELOPMENT CORPORATION

# **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



**MICHIGAN ECONOMIC  
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# **TOOLS FOR EMERGING REAL ESTATE DEVELOPERS**

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February 2023

# BUILD MI COMMUNITY GRANT

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/overhead/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.

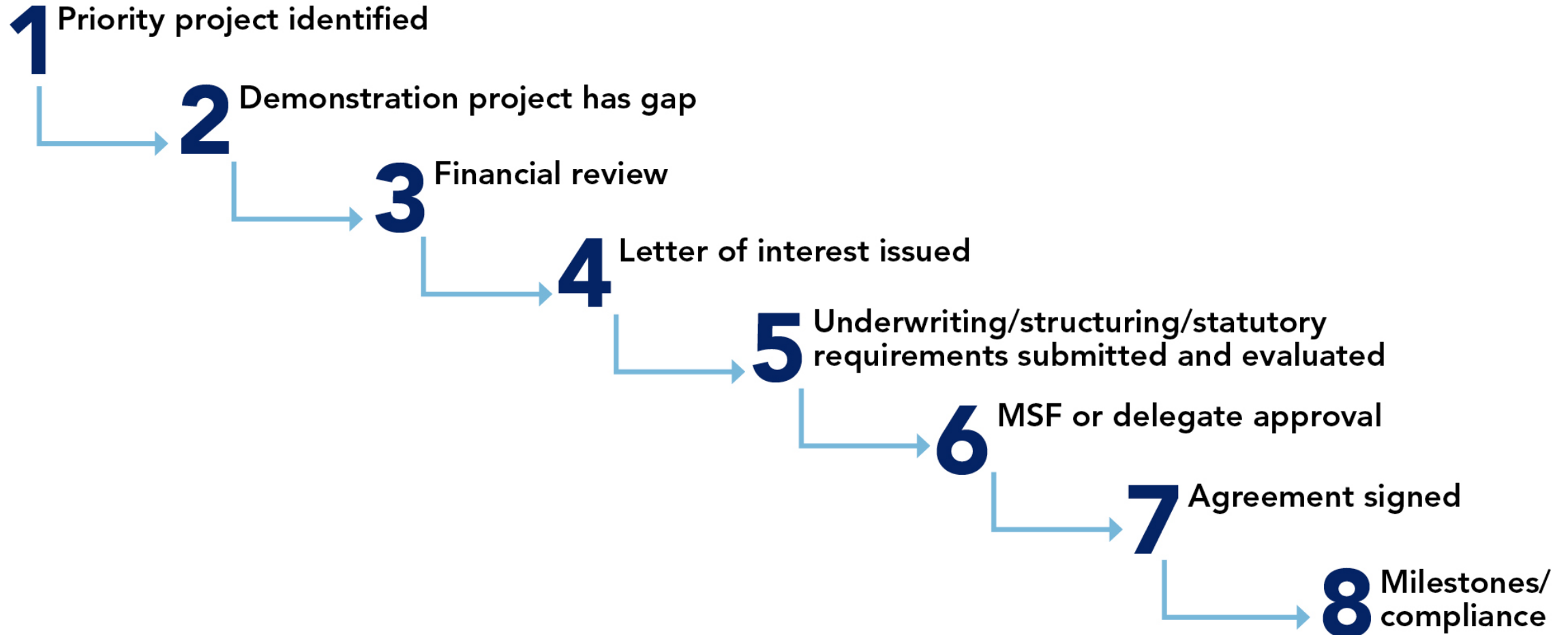
## **Brownfield Tax Increment Financing**

Reimbursement of eligible expenses associated with site prep and environmental contamination.

## **Public Spaces Community Places**

Crowd-granting program intended to activate public space.

# MCRP PROJECT SCOPING & UNDERWRITING



# EMERGING DEVELOPER ROADSHOW | FALL 2023



# Community Development Managers

## Regional Prosperity

**1** **Upper Peninsula region**  
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**3** **Northeast region & Eastern UP**  
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**4** **West Michigan region**  
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**5** **East Central Michigan region**  
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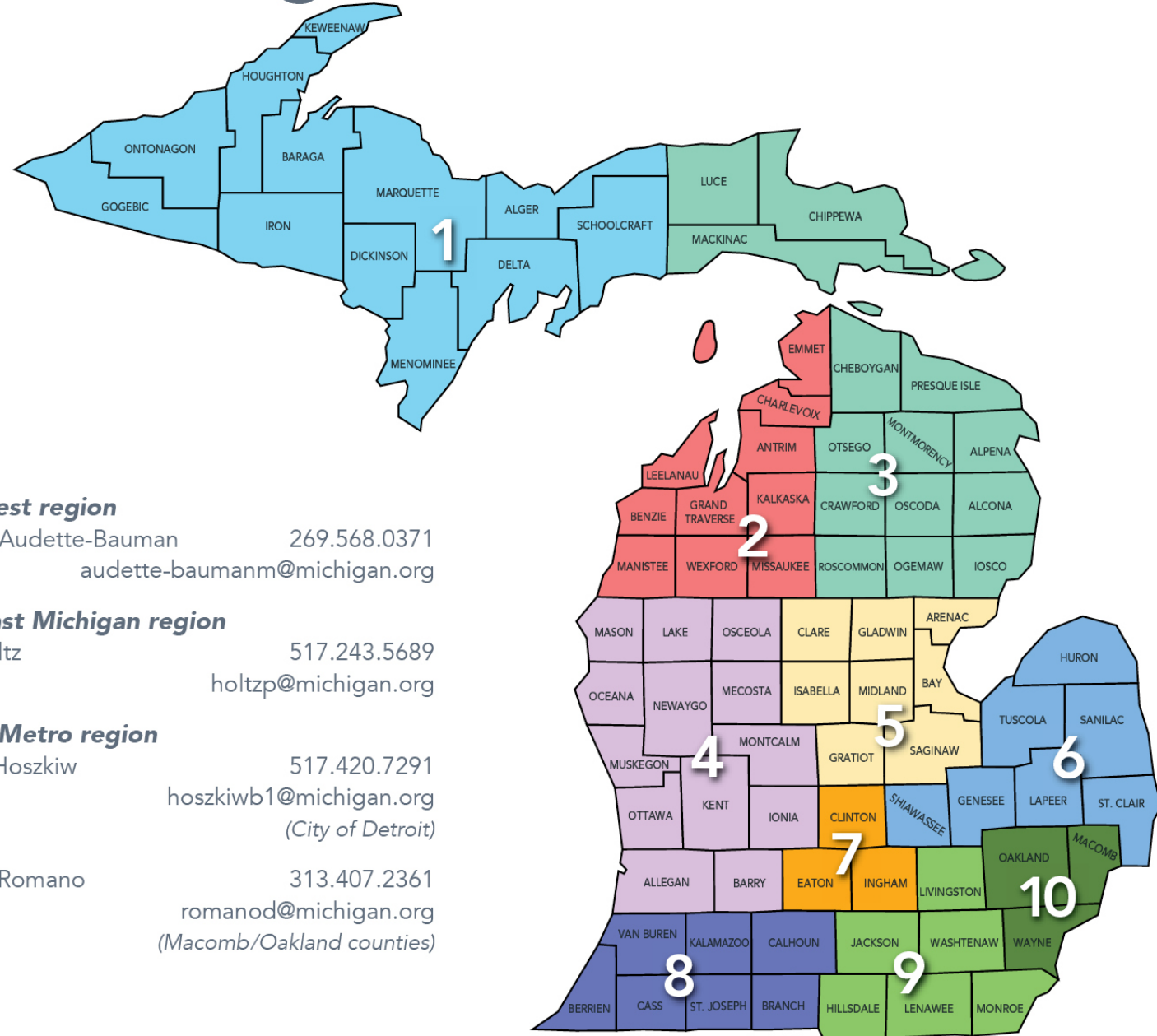
**6** **East Michigan region**  
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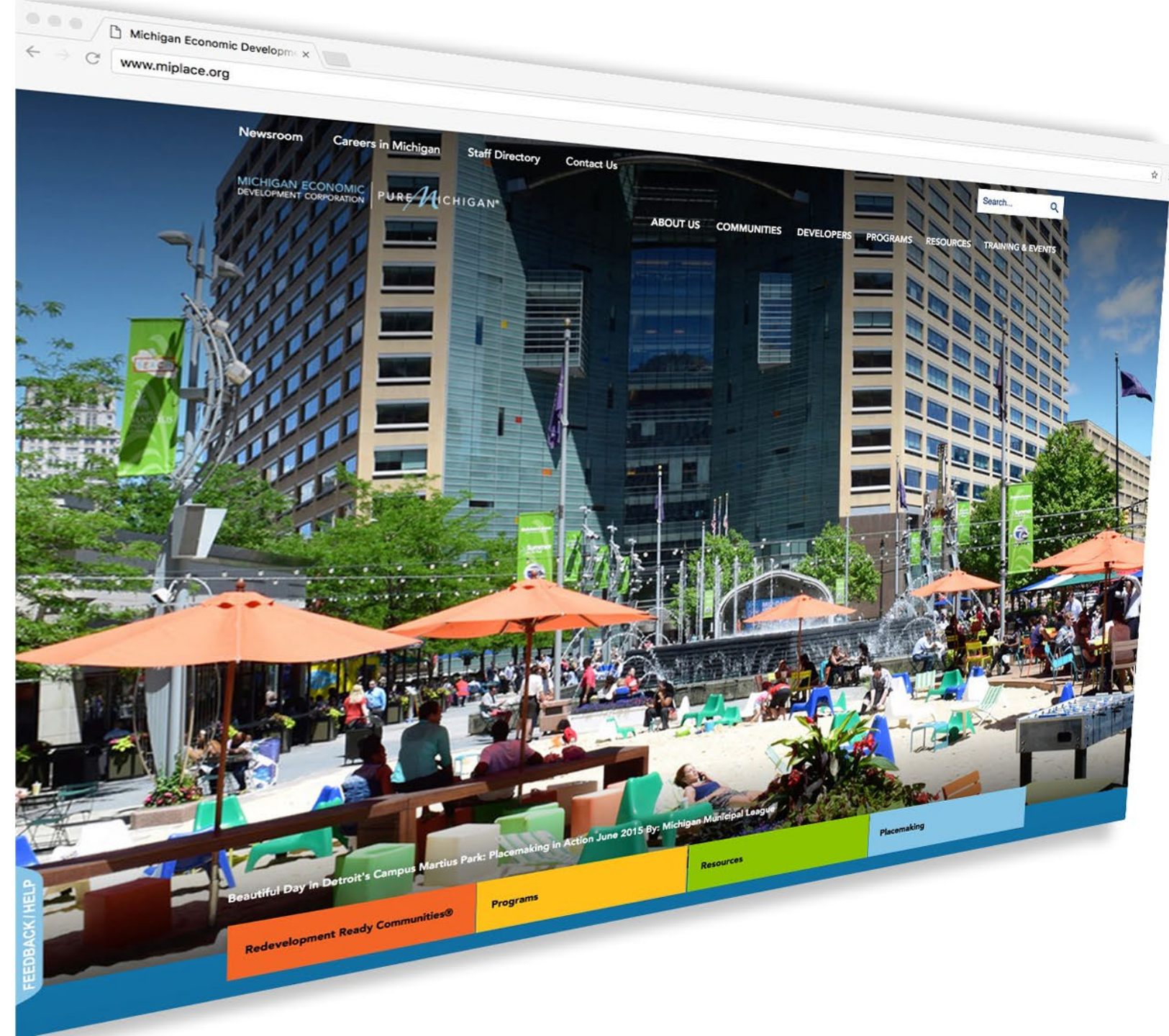
**7** **South Central region**  
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**10** **Detroit Metro region**  
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**RESOURCES**  
[www.miplace.org](http://www.miplace.org)