

REVITALIZATION AND PLACEMAKING (RAP FUND) PROGRAM

GUIDELINES

Program Overview

The Revitalization and Placemaking (“RAP”) Program is an incentive program that will proactively deploy state funding to address community revitalization needs in Michigan communities by investing in projects that enable population and tax revenue growth through rehabilitation of vacant and blighted buildings and historic structures, and development of permanent place-based infrastructure associated with social zones and traditional downtowns, outdoor dining, and place-based public spaces. Administered by the Michigan Economic Development Corporation (“MEDC”), this tool provides access to real estate and place-based infrastructure development gap financing in the form of grants up to \$5 million per project for real estate rehabilitation and development and grants up to \$1 million per project for public space place-based infrastructure. Funding availability is based on income tax revenue deposited into the Revitalization and Placemaking Fund and appropriated for this program as described in Section 696 of the Income Tax Act of 1967. Awards may be made based on individual application or based on funding rounds as determined by the MEDC.

Program Goals

Through the RAP Program, the MEDC partners with local communities to proactively address the community revitalization needs in Michigan communities by investing in projects that promote population and tax revenue growth. These investments help create the environment necessary to attract and retain talent, add new housing options, enable business creation and attraction, and provide resources for Michigan citizens and communities. These investments help local governments avoid budget crises, attract and retain residents, and enhance community vitality.

Eligible Property

For Real Estate development projects, a property must qualify as Previously Developed Property¹ as defined in the Brownfield Redevelopment Act, and may have previously contained or currently contain a structure.

For Public Space projects, a property must be located in or contributing to a traditional downtown or central business district and be owned and maintained by the eligible applicant.

Eligible Applicants

Eligible applicants are individuals or entities working to rehabilitate vacant, underutilized, blighted, and historic structures, and the development of permanent place-based infrastructure² associated with

¹ Previously developed property means property that was part of an existing developed residential, commercial, or industrial zone and contained a structure serviced by utilities, or former dumps, landfills, and other areas filled with nonnative material.

² Amenity that is not intended to be temporary, including but not limited to a site improvement or building, and that positively contributes to a traditional downtown or a mixed-use area with abundant accommodations for non-motorized transportation.

traditional downtowns, social-zones, outdoor dining and placed-based public spaces. These applicants may include, but are not limited to:

- Non-profits and local economic development organizations;
- Developers; or
- Brownfield Authorities, Downtown Development Authorities, local units of government, local Land Bank Fast Track Authorities³ or other entities approved by the MEDC.

Eligible Costs

"Eligible Costs" are at least one, or any combination, of the following expenditures:

- a. Acquisition or costs for real property;
- b. Fees or costs for alteration, new construction, improvement, demolition, or rehabilitation of buildings of an approved project, including utility tap fees, and fees and costs paid to a governmental entity for permits, zoning, and inspections;
- c. Costs associated with site improvements such as access (including ADA improvements) and streetscaping elements such as lighting, fencing, street furniture, etc.;
- d. Fees or costs for site improvements, including a surface parking lot, parking garage, parking ramp, utilities and public infrastructure, such as roads, curbs, gutters, sidewalks, landscaping, lighting, grading and land balancing;
- e. Fees or costs for the addition of machinery, equipment or fixtures for an approved project;
- f. Professional fees or costs for an approved project for the following services: architectural, engineering, environmental, and surveying;
- g. Developer fees not to exceed 4% of total project costs;
- h. Other costs associated with real estate or place-based infrastructure development may be considered on a case-by-case basis.

Award Structures and Funding

All awards will be structured as performance-based grants with milestones and reporting requirements.

The following limits are also in place for all projects:

- 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.
- Grant awards for a single project with an extraordinary economic development impact or public benefit that has maximized all other state loans and financing tools as determined by the MEDC, will be eligible for an award amount up to the lesser of \$5 million or 50% of the Eligible Cost.
- Grant awards for a single project associated with the development of permanent place-based infrastructure in support of a traditional downtown or central business district and associated with social-zones⁴, outdoor dining, etc. must have a minimum request of \$250 thousand and a maximum of the lesser of \$1 million or 50% of Eligible Costs.

Award Disbursement

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.

³ Local authority created under Act 258 of 2003.

⁴ Area or district established by a local governmental unit (city, village, township, county) under MCL 436.1551

There will be no more than two disbursements per project.

Project Considerations

The most competitive project submissions will clearly address community revitalization needs by responding to the criteria below:

1. **Local support and match:** All submissions must include a letter of support from the local or regional economic development organization and the highest municipal local official, such as the City Manager, Mayor, or Township Supervisor. The letter must also state that support is specific to the RAP project and not just general project support. If the project is for place-based infrastructure, the letter must provide a detailed explanation of who will maintain the space and how ongoing maintenance costs will be funded.
2. **Location:** Preference will be given to projects located in traditional downtowns, traditional commercial corridors, and Geographically Disadvantaged Areas.
3. **Capacity:** The applicant, consultant or individual member of the development team must have experience implementing a project of a similar scope.
4. **Long-term impacts:** Competitive applicants will be able to articulate how the proposal will have a long-term impact in the community including addressing how the project will enable growth in population and tax revenue.
5. **Financial Viability:**
 - Demonstrate long-term financial viability of the project
 - Demonstrate financial need for the incentive award
 - Demonstrating that all other financing sources have been exhausted
6. **Local and Regional Impact Considerations:**
 - Project should demonstrate how it supports the vision and goals stated in the local master plan, downtown plan, capital improvements plan and/or economic development strategy.
 - Project should demonstrate the readiness of infrastructure – utilities, housing, transportation, public transit, and other community services. Is the project filling available capacity or creating need for new community or state investments in infrastructure/resources?
 - The most competitive proposals will include a financial contribution from the local unit of government.

All RAP Program awards shall be memorialized by final written agreement with terms and conditions in accordance with these RAP Guidelines, MEDC approval, and any other applicable laws. These terms and conditions shall otherwise be satisfactory to the MEDC, and shall include, without limitation, performance-based milestones governing disbursements, repayment provisions, and periodic reporting to facilitate the MEDC's report to the Michigan Legislature. The RAP Program agreements shall also include a provision for repayment due to breach of the written agreement or failure to meet measurable milestones.