

# 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 underutilized 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 development gap financing for 1) real estate rehabilitation and development projects; 2) public place-based infrastructure projects; or 3) façade improvement program implementation projects. Grants will be awarded for individual projects; however, grants for place-based infrastructure and/or façade program implementation may be awarded to subgrant programs. 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 revitalization needs 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.

### Eligible Applicants:

- Real Estate Rehabilitation and Development: Individuals or entities working to rehabilitate vacant, underutilized, blighted, and historic structures. These applicants may include but are not limited to: non-profits and local economic development organizations or private real estate developers.
- Public Place-Based Infrastructure (individual projects): Individuals or entities working on the development of permanent place-based infrastructure<sup>1</sup> associated with traditional downtowns, social-zones, outdoor dining and placed-based public spaces. These applicants may include but are not limited to: Municipal or economic development organizations such as Downtown Development Authorities, local units of government, local Land Bank Fast Track Authorities<sup>2</sup> or other entities approved by the MEDC.
- Façade or Public Place-Based Infrastructure Subgrant (as part of a funding round): Economic development organizations and other public entities working to improve the streetscape in traditional downtowns and neighborhood commercial nodes by investing in place-based infrastructure on publicly owned and maintained properties or investing in private building facades through an existing and active local façade improvement program.

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<sup>1</sup> 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.

<sup>2</sup> Local authority created under Act 258 of 2003.

### **Eligible Properties:**

- Real Estate Rehabilitation and Development:
  1. Must qualify as Previously Developed Property<sup>3</sup> and may have previously contained or currently contains a structure.
  2. Must be located in or contributing to a traditional downtown, central business district, neighborhood commercial node or adjacent walkable neighborhood; and
- Public Place-Based Infrastructure:
  1. Must be located in or contributing to a traditional downtown, central business district, neighborhood commercial node or adjacent walkable neighborhood; and
  2. Must be a property and be owned and maintained by a municipality or community-focused non-profit; and
  3. Must be a physical location that is generally open and accessible to the public, without cost, and is owned and maintained for the public good. Public space can be used for recreation, public use, or as places for people to gather.
- Façade Program Implementation:
  1. Must be located in or contributing to a traditional downtown, central business district, neighborhood commercial node or adjacent walkable neighborhood; and
  2. Must fit the requirements of the local and currently active façade improvement program.

### **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. Real estate developer fees not to exceed 4% of total project costs;
- h. Other costs associated with real estate or place-based infrastructure development or administration of subgrant programs may be considered on a case-by-case basis or as defined within a funding round.

### **Award Structures and Funding**

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.

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<sup>3</sup> 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.

Grants for place-based infrastructure and/or façade program implementation may be awarded to subgrant programs and will have unique funding limits as determined in the funding round.

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

- Real Estate Rehabilitation and Development:
  1. 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, except all allowed under 2. below.
  2. 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 Costs. Any project for consideration must pursue and maximize all additional programs and/or funding sources available to support the project (e.g., Loan capacity, Housing TIF, Federal Historic Tax Credit, etc.). Also, any instances of Extraordinary Economic Development Impact/Public Benefit shall satisfy the MEDC Place Incentives Guidance, and embody one or more of the additional qualities described below:
    - Project will eliminate long lasting instances of blight and/or environmental contamination (10+ years), through the redevelopment of the property.
    - Project has a geographic correlation, and addresses community needs associated with a significant, strategic MEDC investment.
    - Project is proposed in an area of historic disinvestment and has not seen new or rehabilitated mixed-use development in 5+ years.
- \*\* All projects funded under these criteria are subject to RAP regional targets and will significantly impact the availability of additional funding for other projects in the region.\*\*
- Public Place-Based Infrastructure:
  1. 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-zones<sup>4</sup>, outdoor dining, etc.: must have a minimum request of \$500,000 and a maximum of the lesser of \$1 million or 50% of Eligible Costs.
  2. Grant applications will be accepted as part of an application round as announced by the MEDC.
- Public Place-Based Infrastructure and/or Façade Program (Subgrant Funding Rounds):
  1. There is no minimum or maximum request amount for subgrant applications, but applicants are encouraged to only include the most competitive projects and to recognize that all projects in the grant application must meet readiness requirements and have all funding sources secured.
  2. There is no minimum grant amount for each subrecipient grant within the subgrant application, but the maximum grant amount for each subrecipient grant request within the subgrant application is limited to the lessor of \$500,000 or 50% of Eligible Costs.
  3. Grant applications may be submitted as part of an application round as announced by the MEDC.

### **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.

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<sup>4</sup> 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 applications 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, neighborhood commercial nodes, and Geographically Disadvantaged Areas<sup>5</sup>.
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.
7. **Additional programing, partnership and design considerations** may be incorporated into funding round applications.

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.

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<sup>5</sup> Geographically Disadvantaged Areas are defined as economically distressed and historically underinvested census tracts and counties, especially in urban and rural areas, that tend to experience relatively high unemployment and low household incomes. MEDC and the State of Michigan operationalize geographically disadvantaged areas to constitute Treasury-designated Opportunity Zones and Small Business Administration-defined HUBZones (Historically Underutilized Business Zones).