



BUILDING OWNER PROGRAM GUIDELINES

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1. EXECUTIVE SUMMARY

Detroit's Business Challenge

Entrepreneurs looking to start or expand their businesses in Detroit face two major hurdles: 1) It is not easy to find the right space; and 2) Even when the right space is found, business and building owners may still have financial gaps that need to be addressed before they are ready to open.

Our Goal

The goal of Motor City Match is to help start new, permanent businesses in Detroit's commercial corridors by providing assistance throughout the business start-up and building renovation process.

Motor City Match tackles the city's startup challenges by matching the best businesses from Detroit and around the world with Detroit's best available real estate while also providing competitive grants, loans and counseling to help both building and business owners get open.

Two Ways to Apply

To achieve this goal, Motor City Match offers two competitive application tracks:

1. **The Building Owner Track** is for Detroit property owners with a vacant space who are looking for quality tenants or those that recently secured a tenant but need help getting open.
2. **The Business Owner Track** is for businesses from Detroit and around the world that are looking to start or expand in Detroit.

Three Types of Awards

Building Owner applicants will compete for financial and technical assistance. There are three award tracks available to building owners:

- **Space** – Marketing and matchmaking for building owners with vacant space.
- **Design** – Free architectural and permitting assistance for building owners that have significant renovations for a newly secured tenant.
- **Cash** – Up to \$500,000 in grants and loans for up to 10 projects. The maximum grant award is \$100,000 per project. Loans are facilitated through Motor City Match lending partners.

When to Apply

Applications are open at the following times

- Round 1: Applications open April 1 and close May 1, 2015
- Round 2: Applications open August 1 and close September 1
- Round 3: Applications open December 1 and close January 1, 2016
- Round 4: Applications open March 1 and close April 1
- Round 5: Applications open June 1 and close July 1
- Round 6: Applications open September 1 and close October 1
- Round 7: Applications open December 1 and close January 1, 2017

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- Round 8: Applications open March 1 and close April 1
- Round 9: Applications open June 1 and close July 1
- Round 10: Applications open September 1 and close October 1

Winners will be selected every 90 days. **Beginning in Round 3, all building owners who would like to participate in subsequent rounds must re-apply each round.**

Apply at: www.motorcitymatch.com

2. HOW DOES THE BUILDING OWNER TRACK WORK?

About the Building Owner Track

The Motor City Match Building Owner Track is designed for Detroit property owners with a vacant space looking for quality new tenants. Building owners can compete for pre-development assistance, as well as world class marketing and tenant recruiting.

Properties matched with businesses are considered for grants, financing and priority permitting. Winning properties must be located within Detroit, structurally sound, and in good standing with the government.

Award Levels

Competitive awards are available for building owners at various stages of the renovation and build out process. Motor City Match breaks these stages into the following categories:

		Building must:	Awards
Technical Assistance	SPACE	<ul style="list-style-type: none"> • Be vacant • Be current and compliant 	<ul style="list-style-type: none"> • Listed on Motor City Match Map viewed by hundreds of businesses. • Pre-development site assessment • Top 25 properties will be marketed as a “top destination for new business” • Top 25 properties will receive match making with top businesses
	DESIGN	<ul style="list-style-type: none"> • Be vacant • Be current and compliant • Judged most feasible for business • Have a tenant secured 	<ul style="list-style-type: none"> Up to 7 winners each round • Design/build assistance • Priority permitting • Financial planning assistance
Financial Assistance	CASH	<ul style="list-style-type: none"> • Be vacant or under renovation • Be current and compliant • Judged most feasible for business • Have a tenant secured • Have a development plan ready • Have funds ready for investment 	<ul style="list-style-type: none"> Up to 10 winners each round • Up to \$100,000 grant per winner • Grants fill the project’s financial gap • \$500,000 in total grants per round for business and building owners • Opportunities to apply to panel lending partners for financing

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Winners may progress through the program by competing for higher award levels in subsequent quarters if they have complied with all terms and conditions of previous awards solely at the discretion of Motor City Match staff. **Beginning in Round 3, all building owners who would like to participate in subsequent rounds must re-apply each round.**

3. AWARD DETAILS

TWO TYPES OF COMPETITIVE AWARDS

For the Motor City Match **Building Owner Track**, applicants compete for two types of awards: technical assistance awards and financial assistance awards. Funding sources for different award types have specific policies that guide the selection of Motor City Match awardees.

1. Technical Assistance Awards

Building owner technical assistance will be awarded on a competitive basis to eligible property owners for site assessment, marketing, and rehabilitation planning. Technical assistance awards include the following award packages:

- Space
- Design

Technical assistance awards are federally funded by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (“CDBG”) Program.

Please note that while each of the services offered through technical assistance awards has a value, there is no money exchanged between Motor City Match and the awardees.

2. Financial Assistance Awards

Loans

Motor City Match applicants will have the opportunity to apply for financing to a panel of lending partners. To simplify the process, applicants will fill out one application that will be reviewed by six lending partners all at the same time. This allows you to save time while getting the best rates and terms possible. Motor City Match lending partners include:

- Invest Detroit
- Detroit Development Fund
- Detroit Micro-Enterprise Fund
- Michigan Women’s Foundation
- Detroit LISC
- NCB Capital

All MCM grant awardees and finalists will be considered for financing from MCM lending partners.

Grants

Competitive grant awards are funded by private philanthropy. Foundations and corporate sponsors are providing flexible funding to help fill the gap in business start-up or build-out expenses. Motor City Match will issue monetary grants to qualified awardees based on their eligible criteria and program requirements. Matching grants can be used for:

- Exterior and interior building renovations
- Code compliance

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- Permanent equipment

Grants are available for businesses and building owners that can't get any or all of the financing they need to get open. Grants are not a substitute for readily available financing.

Grant funds are issued on a reimbursement basis and will be accessed on a “draw-down” basis.

TWO OBJECTIVES

Because Motor City Match is funded in part by the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (“CDBG”) Program, building owners must meet one of two program objectives to be eligible for the Motor City Match Program.

1. Provide a benefit for low to moderate income (“LMI”) persons on an area basis.

The “area benefit” category is the most commonly-used national objective for activities that benefit a primarily residential neighborhood. An area benefit activity is one that benefits all residents in a particular service area, where at least 51 percent of the residents are LMI persons.

2. Remove slum or blight

To meet this national objective category, the economic development activity must take place in a designated area that:

- Meets the definition of a slum, blighted, deteriorated or deteriorating area under state or local law; and
- Meets either one of the two conditions specified below:
 - Public improvements throughout the area are in a general state of deterioration; or
 - At least 25 percent of the properties throughout the area exhibit one or more of the following:
 - Physical deterioration of buildings/improvements;
 - Abandonment of properties;
 - Chronic high occupancy turnover rates or chronic high vacancy rates in commercial or industrial buildings;
 - Significant declines in property values or abnormally low property values relative to other areas in the community; or
 - Known or suspected environmental contamination

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A building's compliance with program objectives will be determined as follows:

	Award Level	Program Objective Determination
Technical Assistance Program	Space	<p>As a building owner with a vacant space, the national objective is based on two measures – one pertains to the building itself, the other to prospective entrepreneurs who require technical assistance to find space to open.</p> <p>As it pertains to the vacant building seeking tenants, a national objective is met if:</p> <ol style="list-style-type: none"> a. The building is located in an LMI census tract b. The building is located in a Neighborhood Revitalization Strategy Area (NRSA) c. If the building is a vacant commercial structure but not in a LMI census tract - at least 51% or more of the households within 2-mile trade area must be low-to-moderate income residents who stand to benefit from a new business occupying a formerly vacant and potentially blighted structure. d. If the building is a vacant office, industrial or warehouse structure but not in a LMI census tract - at least 51% or more of the households within 2-mile trade area must be low-to-moderate income residents who stand to benefit from a new business occupying a formerly vacant and potentially blighted structure. <p>As it pertains to entrepreneurs seeking space, a national objective is met by providing technical assistance in identifying, assessing and marketing of available properties to entrepreneurs who are either:</p> <ol style="list-style-type: none"> a. "Micro-enterprises." This is a commercial enterprise that has five or fewer employees, one or more of which owns the enterprise. b. "Person developing a micro-enterprise." These are individuals who have expressed interests in, and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a micro-enterprise at the time it is formed. c. Or the business owner themselves who are low-to-moderate income individuals.
	Design	<p>After a match is made between a business and building owner the national objective is confirmed based on the "project" (business at a specific building location.)</p> <ol style="list-style-type: none"> 1. Automatic qualification if the project (building + business) is located in: <ol style="list-style-type: none"> e. LMI census tract f. Neighborhood Revitalization Strategy Area (NRSA) 2. If the project does not automatically qualify, then the project must meet "a" or "b": <ol style="list-style-type: none"> a. The business user must demonstrate their trade area provides at least 51% LMI area benefit. For the basis of this determination, trade areas for commercial users are defined as 2 miles, while office and industrial users are defined as 1 mile. Business owners and building owners also document how they benefit the community during the application process, which is analyzed by staff to ensure the project offers LMI benefit.
Grant and Loan	Cash	<ol style="list-style-type: none"> b. Document removal of specific building conditions that are detrimental to public health and safety. Technical assistance and funding for building rehabilitation will be limited to remedying these conditions.

Motor City Match Building Owner Guidelines

MULTIPLE WAYS TO WIN

Participants in Motor City Match Building Owner Track can compete in successive rounds of the program to win multiple awards as they progress through the building renovation process:

- Motor City Match awards are provided on a competitive basis due to limited resources.
- Building owners can compete to receive every award that Motor City Match has to offer.
- Awardees can apply to compete for higher award levels after receipt and successful completion of lower level awards.
- Receipt and completion of an award does not guarantee selection for a higher award level.
- Completion of technical assistance awards does not guarantee selection for grant awards, nor is it a pre-requisite for applying for grant awards.
- Any project awarded grant funding must adhere to CDBG regulations by meeting the required CDBG national objective.

4. ELIGIBILITY CRITERIA

The following section provides minimum requirements that building owners must meet to be considered for Motor City Match. Those that do not meet the eligibility criteria cannot be considered.

Who can apply?

- Property owners that own vacant real estate located in a commercial corridor that serves a primarily residential area in the city of Detroit may apply to Motor City Match.
- All types of non-residential properties (including, but not limited to): commercial, industrial, office, warehouse and co-working spaces will be considered.
- For-profit corporations, companies and not-for-profit organizations that own real estate may apply. For-profit property ownership entities may be Sole Proprietorships, General Partnerships, Limited Partnerships (LP), Limited Liability Partnerships (LLP), Corporations (Inc., Corp.), Limited Liability Companies (LLC), and Property ownership entities must be formed or incorporated prior to submission of the application.
- Faith-based organizations that own real estate are eligible to apply, subject to 24 CFR §570.200(j)
- Corporations and organizations that own multiple properties may apply for multiple properties but must submit *one application per property*.
- Owners of multi-unit buildings, with one or more vacant spaces, may apply for each available space within the multi-unit building. In this case, building owners must submit one application for each available unit.

Properties must meet the minimum conditions to be considered:

- Location of vacant property must meet a CDBG national objective by demonstrating a benefit to the low-to-moderate income community or by removing slum and blight.
- Property owners must be in good standing with the City of Detroit, Wayne County, State of Michigan and the Internal Revenue Service (“IRS”).
- Majority interest or shareholder in the property ownership entity must be 18 years of age or older.
- Properties must be structurally sound, with a roof in place.

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- Properties must be secured and safe for entry.
- No outstanding blight or dumping tickets
- Current on water bills with Detroit Water and Sewerage Department
- Property must be vacant on or before January 1, 2015, unless an exception is granted.

Building owners being considered for awards must agree to provide the following:

- Proof of ownership such as warranty or covenant deed.
- Access to the space and confirmation the space is vacant and safe.
- Permission to allow contracted professionals to assess building conditions, construction needs, costs and other activities related to redevelopment and business feasibility.
- Willingness to coordinate with financing professionals to assist in the underwriting and financing of the project. Personal financial statements, tax returns, and other financial documents may be requested for consideration of technical assistance awards and are required for consideration for grants and loans.
- Willingness to comply with all program terms and conditions, participate in public relations and program meetings.

The following individuals are not eligible to apply – building owners who are: (1) employees, elected officials or appointed officials or officers of the City of Detroit government (the City), (2) employees or board members of the Detroit Economic Growth Corporation (DEGC); (3) employees or board members of the Economic Development Corporation of the City of Detroit (EDC); (4) contractors affiliated with the Motor City Match program; (5) Motor City Match Jurors; (6) spouses and dependents of (a) employees and board members of the City, DEGC, and EDC; (b) contractors affiliated with the Motor City Match program; and (c) Motor City Match Jurors.

Please note the following:

- (1) Eligible property owners and business owners may designate a contact person to apply on their behalf.
- (2) Business owners who own vacant real estate for their future business location may apply for BOTH the Building Owner Track and Business Owner Track.

5. APPLICATION PROCESS

How to Apply

Interested building owners can create an online profile prior to the application period. Anyone who registers in advance will be contacted when the next application round is open. Apply online at www.motorcitymatch.com

To obtain and submit a printed application, visit the offices of the:
Detroit Economic Growth Corporation
500 Griswold St., Suite 2200
Detroit, MI 48226

Application Assistance

Information sessions will be held periodically and will occur at least once per application period. The schedule of events will be posted at www.motorcitymatch.com.

Application Confirmation

If applying online, applicants will receive an automatic confirmation email after submitting. If applying by mail or in person, applicants will receive a confirmation email once applications are processed. It may take several days to process applications. Please note that **an email address is required** to receive confirmation that an application has been received.

6. SELECTION PROCESS

Motor City Match awards are provided on a competitive basis due to limited resources. The following section presents selection criteria for Motor City Match awards.

Scoring Criteria

Properties will be scored based on five criteria. Each criterion is worth 20 points. Applicants can earn up to 100 points.

1. **Building characteristics and vision** to support new business.
2. **Conditions** of the building structure and systems.
3. **Community and market support** for new businesses and business district revitalization.
4. **Leverage** of property owner investment in the space and other community investment initiatives.
5. **Compliance** on program objectives, taxes, tickets and utilities.

Selection Process

1. **Pre-screening**
 - a. Applicants are sorted into award tracks.
 - i. Space – no tenant secured.
 - ii. Design – tenant secured, but no development plan.
 - iii. Cash – tenant secured, development plan, bids and portion of financing secured.
2. **Eligibility.** To advance properties must:
 - a. Meet all eligibility criteria.
 - b. Meet all compliance criteria [#5 above] (Must score 20 max points)
 - i. Meet one of two program objectives
 - ii. Up to date on property taxes
 - iii. Up to date on all income taxes with City of Detroit (if applicable)
 - iv. Good standing with IRS
 - v. No existing blight tickets
 - vi. No existing dumping tickets
 - vii. Water bills are up to date with Detroit Water and Sewerage Department.
 - Scores will be tallied automatically based on application responses and then confirmed by EDC and City staff.
 - If the building owner fails to score 20 points for compliance, instructions will be provided on how to become compliant.
 - Applicants must meet all compliance criteria before they receive Motor City Match awards. Applications will not be considered for awards until building owners reach full compliance.
 - **Please note that completing this application in no way will result in an enforcement action to collect past owed fees.**

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3. **“Space” award.** All eligible properties *without* tenants will receive Space awards.

A scoring system based on five criteria is used to determine which Space awardees are considered “top properties”:

- a. Characteristics and vision (20 max points)
 - b. Condition (20 max points)
 - c. Community and market support (20 max points)
 - d. Leverage (20 max points)
 - e. Recommendations from independent, professional real estate assessment specialists.
- Scores are determined by a juror of Motor City Match staff and community leaders. Community leaders vote only on properties in their City Council District.
 - Scores will be tallied automatically based on application responses and analyzed by EDC and City staff for vision, community and market support and leverage
 - All eligible properties will receive real estate assessments by independent real estate professionals. A revised condition score will be developed based on the real estate assessment.
 - All space awardees will be listed on the Motor City Match website.
 - The top 25 scoring properties will receive “top property” designation which includes special marketing on the Motor City Match website and one-on-one match making with the top 25 businesses looking for space.
 - Up to 90 days for selection and award.
4. **“Design” award.** *Properties with tenants, but no development plan* must rank in the top 7 for:
- a. Real estate selection criteria
 - b. Business selection criteria for the business selected or matched through the Motor City Match program.
 - c. Recommendations from independent real estate assessments and jurors.
- “Design” properties will receive real estate assessments by independent professionals. A revised score will be developed to inform subsequent selection.
 - Applications are judged by a selection committee of experts and EDC staff.
 - Up to 90 days for selection and award.
5. **“Cash” Award.** Properties *with* tenants, development plan, quotes for all costs and leverage must rank in the top 10 for:
- a. Composite score from building owner and business selection criteria judged by a panel of experts.
 - b. Recommendations from independent, professional real estate assessments.
 - c. See additional grant making criteria in the subsequent section.
- All “Cash” properties will receive real estate assessments by independent professionals as needed. A revised score will be developed to inform subsequent selection.
 - Property owners will be interviewed.
 - Property owners will submit required financial information and documentation for grant and loan underwriting.
 - Applications are judged by a selection committee of experts, EDC staff and lenders.
 - Please allow up to 90 days for selection and award.

7. "CASH" FINANCIAL ASSISTANCE AWARD DETAILS

When a match is made between a property and a business, the project may be considered for Motor City Match grant funding and project financing from one or more of the Motor City Match lending partners.

All matches will be considered, however not all matches will receive grant funding or financing. Grant making is contingent on review and selection by Motor City Match staff and selection committee. Lending is contingent on the underwriting guidelines of each lending partner.

Each quarter, \$500,000 in matching grants will be made available to building and business owners.

Additionally, at least \$1 million in small business and construction loans are anticipated per round.

Loan Financing

Motor City Match applicants will have the opportunity to apply for financing to a group of six lending partners. To simplify the process, applicants will fill out one application that will be reviewed by six lending partners all at the same time. This allows applicants to save time while getting the best rates and terms possible. Motor City Match lending partners include:

- Invest Detroit
- Detroit Development Fund
- Detroit Micro-Enterprise Fund
- Michigan Women's Foundation
- LISC
- NCB Capital

All Motor City Match grant awardees and finalists will be considered for financing from MCM lending partners. In the event that MCM lenders can't provide all the financing needed, those building owners that did not receive all or some of the financing they need to complete their project will be considered for grants to fill the gap.

Building owners must apply for a loan through the Motor City Match process to be considered for a grant. Please note, the process of applying for a loan does not require that the building owner take on a loan.

Grant Funding Levels and Requirements

Grants are available for building owners that can't get any or all of the financing needed to open. Grants are not a substitute for readily available financing or equity investment. Grants are used to fill the gap on projects. The financial gap is determined based on the total project cost, less the debt that the project is projected to sustain and the owner's equity investment.

Motor City Match grants are a maximum of \$100,000, not to exceed 50% of total project costs. Motor City Match will offer \$500,000 in matching grants each quarter starting in the third quarter of 2015. Both businesses and building owners will compete to access this pool of grant funding.

A minimum of 10 % project equity is required as a baseline for consideration for grant awards and loan financing. These grants are designed to increase the business owner or building owner equity investment to help strengthen the case for financing or close the gap on the project when financing cannot be obtained.

Grants are issued on a reimbursement basis and will be accessed on a "draw-down" basis.

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Grant and Loan Underwriting Fundamentals

1. The project costs must be considered reasonable as determined by the Motor City Match staff and the selection committee.
2. All sources of the project financing must be committed. Prior to Motor City Match's commitment to awarding a grant, building owners will work with Motor City Match financial partners and technical assistance team to:
 - a. Verify that sufficient sources of funds have been identified to finance the project;
 - b. All participating parties providing those funds have affirmed their intention to make the funds available; and
 - c. The participating parties have the financial capacity to provide the funds.
3. Motor City Match grant funds cannot be substituted for private, independent capital. In other words, Motor City Match grants will only be made to fill a financial "gap" on the project. If the project is completely and independently funded through private sources, there is no need for Motor City Match's investment. In determining the "gap" on a project the Motor City Match selection committee will consider:
 - a. Whether or not the business or property owner has applied for private financing.
 - b. Whether or not the degree of equity participation is reasonable given general industry standards for rates of return and risk profile for similar projects and given the financial capacity of the business or property owner to make additional financial investments.
4. The project must be financially feasible.
5. To the extent practical, the return on the owner's equity investment cannot be unreasonably high.
6. There must be a minimum 10 percent equity investment towards project costs.

Timeline for Completion

All grant funded projects must be completed within one year of the grant award.

Required Documentation

Property owners being considered for financial awards must agree to provide the following when considered for an award:

1. Executed letter of intent or lease acceptable to Motor City Match
2. Development plan including construction, renovation or upgrade cost estimates and bids from contractors
3. Business financial information:
 - Certificate of assumed business name
 - Interim balance sheet and income statement
 - Three years of calendar/fiscal year-end balance sheets and income statements
 - Current accounts receivable aging
 - Current accounts payable aging
 - Three months of bank statements for main operating account
 - Business organizing documents
 - Articles of incorporation (LLC, Corp)
 - Operating agreement (LLC only)
 - Partnership agreement (Partnership only)
 - Bylaws (Corp only)
4. Personal financial information:
 - Signed and dated personal financial statement
 - Three years of personal federal tax returns
 - Last three years of W-2's for each individual
 - Last two months of bank/brokerage statement for each individual
 - Copy of divorce decree or bankruptcy discharge (if any)

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Eligible Expenses and Policies

Each project will receive a project financial evaluation and notice of intention to provide grant funding. Projects that receive grant awards will be required to execute a grant agreement that outline the terms and conditions for grant funding. Grant funds will be awarded to the business owner, building owner or both on a project-by-project basis at the sole discretion of Motor City Match. As a condition to the grant award, each project will be required to complete “project spending plan”. The project financial plan will identify:

- All projects costs and the corresponding sources and uses of funding on a line item basis, including costs that will be paid for in-part or whole by Motor City Match grant funds.
- Who is responsible (either the property owner or the business) for costs.
- Ownership of eligible costs. In other words, if Motor City Match grant funds are used to purchase equipment, the project financial plan will determine if the equipment belongs to the property owner or the business in compliance with applicable laws.

Eligible Building Owner Grant Expenses

- Interior building renovations
- Exterior building renovations
- Permanent equipment
- Code compliance

8. ADDITIONAL INFORMATION

Expectation of Winners

Award winners will be expected to attend events where they will be connected to other award winners and resources. They will also be asked to share their story through a variety of media opportunities. These types of opportunities will be determined after winners are announced.

All award winners will be expected to sign a participation agreement.
All grant awards are taxable income.

Use of Applicant Data

Applicant information will be shared with the Detroit Economic Growth Corporation (DEGC) for the purposes of providing direct follow-up to all applications. DEGC has a business attraction program that connects businesses to applicable business support services. If DEGC cannot directly help a business, they will recommend and connect the business to one of their non-profit partner organizations that can. Many of these non-profit partners are featured on the Bizgrid, a tool that is designed to help businesses find support: www.detroitbizgrid.com.

Confidentiality

Applicant proprietary and confidential data will not be shared beyond the purposes of review during the award selection process and providing business support. Applicants should clearly mark such information confidential and proprietary. Applicant data will not be sold.

Disclaimer

The information contained herein is subject to the actual grant-ward documents and the written terms and conditions of the Motor City Match program and the Economic Development Corporation of the City of Detroit (EDC) which governs the program, as the same may be amended from time to time. EDC also reserves the right to make the final determination of any person’s or organization’s eligibility and/or qualifications for program benefits, and to make allocation of program benefits as it may, in sole discretion deem appropriate.