



# PROGRAM GUIDELINES

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# Detroit Small Business Launcher Program Guidelines

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## 1. EXECUTIVE SUMMARY

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### Detroit's Business Challenge

Since 2015, Motor City Match has served over 1,500 aspiring entrepreneurs in Detroit, helping to start, grow, and expand 100's of businesses. In order to leverage this legacy and minimize costs and timing for implementation of the Detroit Small Business Launcher program, the public-facing branding of the Detroit Small Business Launcher Program will use Motor City Match. The program's focus remains on empowering Detroiters to use entrepreneurship as a tool for increasing their incomes and growing their wealth. Motor City Match recognizes that every business faces challenges unique to its vision, goals, and business model.

Many Detroiters saw the development of their businesses delayed and derailed during the pandemic. Businesses owned by low- and moderate-income residents, entrepreneurs of color, or woman entrepreneurs, microenterprises, and businesses located in low-income communities experienced negative economic impacts of greater severity and duration than the small business community at large. Additionally, specific industries focused on hospitality and in-person service experienced a disproportionate negative economic as a result of the pandemic.

To mitigate the negative economic impact of the pandemic, DSBL has created a new framework for identifying appropriate support for formalizing, launching, designing, and funding projects. DSBL tackles the city's entrepreneurship challenges by matching Detroit businesses with the right support services, funding options, and available real estate. The program offers one-on-one consultations, subject specific workshops, technical assistance, access to professional services, site selection assistance, competitive grants, and loan counseling.

Awarded entrepreneurs looking to start or expand their business in Detroit must locate within the City of Detroit for at least 3 years, provide verification of new jobs created or existing jobs retained, and demonstrate a benefit to the community.

### Our Goals

The overarching goals of DSBL is to help start new, permanent businesses, and expand existing businesses in Detroit's commercial corridors by providing tailored assistance throughout the business launch and growth process. More specifically, DSBL seeks to support economic mobility for underserved Detroiters through entrepreneurship by focusing on the following goals and outcomes:

- Eliminate blight by re-activating currently vacant commercial space
- Mitigate the negative economic impacts of the COVID-19 Pandemic by serving the entrepreneurs that experienced the most severe negative economic impacts including
  - Businesses that experienced specific negative economic impacts as a result of the pandemic
  - low- and moderate-income resident owned businesses
  - minority-owned businesses
  - woman-owned businesses
  - microenterprises (businesses with 5 or fewer employees including the owner)
  - businesses located in low-income communities
  - businesses in industries disproportionately affected by the pandemic
- Economic mobility for Detroiters through entrepreneurship – increase incomes and grow wealth
- Distribute program resources equitably with a focus on low to moderate income Detroiters and underserved entrepreneurs
- Create jobs for low to moderate income Detroiters and underserved communities
- Increase access to capital for minority and women owned businesses

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- Get business formalized and transactional within one year of completing their business plan
- Help businesses find the space appropriate to their model
- Communicate clearly with awardees and partners

## 2. PROGRAM OVERVIEW

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### A. Application Process

#### When to Apply

Motor City Match has been operating quarterly since June 2015. Awards will continue to be announced on a quarterly basis. Business and building owners have four opportunities each year to compete for technical assistance and financial assistance. The following dates provide the general schedule. Specific dates for each round will be posted in the application and on the Motor City Match Website. Application periods may be delayed or extended at the discretion of program staff.

Application Open and Close	Award Selection	Awards Notified
April 1 – May 15, 2022	May 15 – August 30, 2022	August 30, 2022
September 1 – October 1, 2022	October 1 – December 15, 2022	December 15, 2022
December 1, 2022 – January 1, 2023	January 1 – March 31, 2023	March 31, 2023
March 1 – April 1, 2023	April 1 – June 30, 2023	June 30, 2023
June 1 – July 1, 2023	July 1 – September 30, 2023	September 30, 2023
September 1 – October 1, 2023	October 1 – December 31, 2023	December 31, 2023
December 1, 2023 – January 1, 2024	January 1 – March 31, 2024	March 21, 2024
March 1 – April 1, 2024	April 1 – June 30, 2024	June 30, 2024

Awardees shall be selected within 60 days of the closing of any application period. All applicants not selected for an award who would like to participate in subsequent rounds must re-apply each round for that award track.

#### Where to Apply

Start online at [www.motorcitymatch.com](http://www.motorcitymatch.com) to learn about eligibility and appropriate award tracks. Or go directly to the Motor City Match Application portal at <https://apply.motorcitymatch.com/submit>.

#### 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](http://www.motorcitymatch.com).

#### Application Confirmation

Applicants will receive an automatic confirmation email after submitting. 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.

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## B. Award Details

Motor City Match offers competitive application tracks for two categories of businesses:

1. **Microenterprises** – businesses with 5 or fewer employees (including the owner)
2. **Small Businesses** – businesses with greater than 5 employees and fewer than 49 employees (including the owner)

### Two Types of Awards:

Motor City applicants compete for two types of awards: **Technical Assistance Awards** and **Financial Assistance Awards**. Sources of funding for different award types have specific policies that guide the selection of Motor City Match awardees. Technical Assistance Awards – the Plan, Develop, and Design Tracks – do not include any funds disbursed directly to awardees. Financial Assistance Awards – the Cash and Restore Tracks – include funding reimbursements directly to awardees. All Motor City Match Awards are funded directly by the City of Detroit through allocations of federal and/or city funds. Additional private philanthropic sources may be used to supplement public funding.

### 1. Technical Assistance Awards

Motor City Match technical assistance awards provide eligible awardees with technical assistance in the form of business services, access to classes and workshops, and one-on-one consultation including, but not limited to, business planning, financial management and design assistance. The cash value of Technical Assistance awards for each track will vary based on the unique needs of awardees. Technical Assistance will be approved at the discretion of Motor City Match Staff based on completion of program milestones and compliance with appropriate federal funding guidelines. Awardees will only receive Technical Assistance that can be demonstrated to aid in achieving the business goals laid out in their application. The value of all Technical Assistance awards for any one business will not exceed \$50,000 in any one award year and is limited to the following initial allocation for each Technical Assistance Award Track.

- Plan - \$1,500
- Develop - \$3,500
- Design - \$25,000

Technical Assistance awardees are not automatically entitled to the maximum amount of Technical Assistance funding. DSBL staff can approve additional services beyond the initial Technical Assistance allocation at their discretion if an awardee is able to demonstrate urgent circumstances and a vital need for services.

*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 for technical assistance services. Technical assistance may constitute taxable income to awardees.*

### 2. Financial Assistance Awards – Cash Track Grants and Restore Track Grants

Financial Assistance Awards are funded by the City of Detroit through allocations of federal and city funds or private philanthropic sources. As such, all grants will be awarded and disbursed in accordance with appropriate City of Detroit and federal guidelines.

**DSBL grants will not exceed \$100,000 in the Cash Track or \$25,000 in the Restore Track.** DSBL will issue monetary grants to qualified awardees based on eligibility criteria and program requirements. Grants will only be offered to businesses planning to open or currently operating in a brick & mortar commercial space. Matching grants can be used for the following eligible expenses:

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## Cash Track Grants

- Business and professional services necessary to complete the awarded project
- Technical assistance to support loan approval or accessing additional capital
- Construction costs including the following:
  - Design services and drawings
  - Exterior building renovations
  - Interior building renovations including necessary furniture, fixtures, and equipment
  - Code compliance, license fees and permit costs
- Working capital or operating costs necessary to offset financial hardship resulting from the pandemic including
- Additional costs associated with COVID-19 mitigation tactics - barriers or partitions; enhanced cleaning; or physical changes to enable greater use of outdoor space

## Restore Track Grants

- Business and professional services necessary to complete the awarded project
- Technical assistance to support loan approval or accessing additional capital
- Façade Improvement costs including the following:
  - Exterior façade improvements
  - Signage and decorative lighting
  - Parking lot repairs, landscaping, storm water drainage
  - Murals, bicycle racks, and art-based elements related to facades
  - Physical improvements to parking lots, patios, and outdoor spaces

## Ineligible Expenses

- New construction of commercial or residential property
- Expenses incurred before notification of award
- Real estate acquisition
- Expenses related to residential or other non-commercial aspects of the project
- Expenses related to other business ventures
- Consulting fees
- Debt Service

## **Grants are available for businesses that can't get any or all the financing they need to get open.**

Grants are not a substitute for readily available financing and a minimum of 10% owner equity is mandatory for consideration. Grant disbursement is subject to satisfaction of program milestones.

## C. Description of Award Tracks

Applicants will compete for financial and technical assistance. There are five tracks available: Plan, Develop, Design, and Cash.

1. **Plan** – one-on-one consulting, classes and workshops, and access to technical assistance **for up to 15 entrepreneurs** seeking to refine, formalize, and launch a business idea
2. **Develop** – one-on-one consulting, classes and workshops, access to technical assistance and professional services for **up to 25 businesses** seeking to develop their idea, create a plan for growth, and choose an appropriate location for their next phase of development
3. **Design** – one-on-one consulting, classes and workshops, access to technical assistance and professional services **for up to 10 businesses** that have secured a location, settled on an appropriate growth plan, and need to create a design and program specific to that location

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4. **Cash – Up to \$1,000,000 in grants and loans for up to 25 projects** that have secured a location in an existing commercial building, completed a business plan, a plan to complete necessary architectural and design drawings, and have a comprehensive project plan with an itemized budget specific to the proposed project location. The maximum grant award is \$100,000 per project. Applicants must demonstrate a financial need and a lack of access to the necessary capital sufficient to complete the proposed project. Loans are facilitated through Motor City Match lending partners.
5. **Restore – Up to \$250,000 in grants and loans for up to 15 projects** that have been operating in an existing commercial location in the city of Detroit for one year (existing businesses) and are applying to complete a project in that location. Applicants must have a plan to complete necessary architectural and design drawings and have a comprehensive project plan with an itemized budget specific to the proposed project location.

***Grant award totals for the Cash Track and Restore Track differ from suggested grant totals based on the number of eligible applicants whose projects demonstrate a financial need or lack of access to capital.***

## Technical Assistance Awards

1. **Plan Award.** *Business idea that needs formalizing and refining before launching:*
  - Up to 15 awardees may be selected
  - Applicants may be interviewed
  - Applicants may be asked to provide basic financial information to provide early indication of financial feasibility.
  - Award selection is subject to approval by the EDC Board of Directors.
  - Technical Assistance associated with this award expires 1 year after the date of approval by the EDC Board of Directors
2. **Develop Award.** *A transactional business seeking assistance developing and choosing the right strategy and space for growth:*
  - Up to 25 awardees may be selected.
  - Applicants may be interviewed.
  - Applicants may be asked to provide basic financial information to provide early indication of financial feasibility.
  - Applicants may be asked to provide documentation of revenue and business activity
  - Award selection is subject to approval by the EDC Board of Directors.
  - Technical Assistance associated with this award expires 1 year after the date of approval by the EDC Board of Directors
3. **Design Award.** *Business owners with a great idea and a great business plan that secured a space but don't have a plan for tenant improvements:*
  - Up to 15 finalists may be selected by DSBL staff.
  - From the 15 finalists, up to 10 awardees may be selected by DSBL staff.
  - Finalists may be interviewed.
  - Finalist applications will be required to provide the following information:
    - Written business plan
    - Lease or letter of intent
    - Any bids or cost estimates received from trade contractors as the basis for determining build-out needs and progress; and
    - Financial information to determine feasibility.

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- Awardees will be selected based on business application scores and supplemental information received.
- Award selection is subject to approval by the EDC Board of Directors.
  - Awardees will be selected based on application scores and review of supplemental materials.
- Technical Assistance associated with this award expires 1 year after the date of approval by the EDC Board of Directors

## Financial Assistance Awards

**4. Cash Track Award.** *Business owners with a great idea, a great business plan, a commercial space secured in an existing building and a plan for renovation or build-out. Applicants must demonstrate financial need and the ability to complete the proposed project with one year of the first grant disbursement. They must have a budget for business start-up and/or build-out and know the gap in funding they need to raise to make their project a reality.*

- Up to 50 finalists will be selected by DSBL staff.
- From the 50 finalists, up to 25 awardees will be selected by a selection committee that may include industry experts, Detroit business owners and lenders.
- Finalists will be interviewed, including discussions with a panel of lenders for consideration for financing if needed.
- Finalists will be required to submit supplemental materials including but not exclusive to:
  - Written project plan
  - Detailed itemized budget
  - Lease or letter of intent
  - Cost estimates received from trade contractors
  - Personal and business financial information; and
  - Loan application and/or proof of funding.
- Awardees will be selected based on business application scores and supplemental information received.
- Applicants must demonstrate a financial need and lack of access to capital
- A minimum of 10% project equity is mandatory for consideration.
- Award selection is subject to approval by the EDC Board of Directors
- Financial Assistance associated with this award must be accessed through an initial grant disbursement within 1 year of the date of approval by the EDC Board of Directors

**5. Restore Track Award.** *Existing businesses proposing a renovations or improvements to an existing commercial space they have been open and operating in for at least one year. Applicants must demonstrate financial need and the ability to complete the proposed project with one year of the first grant disbursement including a plan to complete necessary architectural and design drawings and have a comprehensive project plan with an itemized budget specific to the proposed project location.*

- Up to 30 finalists will be selected by DSBL staff.
- From the 30 finalists, up to 15 awardees will be selected by a selection committee that may include industry experts, Detroit business owners and lenders.
- Finalists will be interviewed, including discussions with a panel of lenders for consideration for financing if needed.
- Finalists will be required to submit supplemental materials including but not exclusive to:
  - Written project plan
  - Detailed itemized budget
  - Lease or letter of intent
  - Cost estimates received from trade contractors
  - Personal and business financial information; and

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- Loan application and/or proof of funding.
- Awardees will be selected based on business application scores and supplemental information received.
- Applicants must demonstrate a financial need and lack of access to capital
- A minimum of 10% project equity is mandatory for consideration.
- Award selection is subject to approval by the EDC Board of Directors
- Financial Assistance associated with this award must be accessed through an initial grant disbursement within 1 year of the date of approval by the EDC Board of Directors

## 2. ELIGIBILITY CRITERIA

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Participants in the Motor City Match program be selected for multiple awards in different tracks based on qualifying criteria.

- Motor City Match awards are provided on a competitive basis due to limited resources.
- Businesses are selected based on five criteria by Program staff and when applicable a selection committee.
- Businesses can compete to receive every award that Motor City Match offers.
- Awardees can apply to compete for higher award levels after receipt and successful completion of lower-level awards or satisfaction of entry requirements for that award level.
- 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 financial assistance awards, nor is it a pre-requisite for applying for financial assistance awards.
- All projects awarded a technical assistance award must adhere to CDBG regulations by meeting a CDBG national objective.

### Who can apply?

The following section provides minimum requirements that businesses must meet to participate in Motor City Match. Applicants that do not meet the eligibility criteria will not be considered for Motor City Match services and awards.

**Microenterprises (businesses with 5 or fewer employees, including the owner) and Small Businesses (business with more than 5 but less than 50 employees, including the owner) are eligible to apply if they are structured as one of the following business types:**

- For-profit Sole Proprietorships, General Partnerships, Limited Partnerships (LP), Limited Liability Partnerships (LLP), Corporations (Inc., Corp.), Limited Liability Companies (LLC), Low-profit Limited Liability Company (LC3)
- Faith-based organizations, subject to 24 CFR § 570.200(j), participating in for-profit commercial activity
- Independently owned businesses that participate in retailers' cooperatives are eligible to apply; however, franchises are not eligible.
- Not-for-profit organizations that own real estate may apply as building owners to complete the activation of a space for use by an eligible for-profit entity.
- Not-for-profit organizations are ineligible to apply as businesses.

#### ***And fall under one of the following descriptions***

- A new business that is not yet transactional owned by a Detroit resident if that business plans to operate permanently in the city of Detroit



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- An existing home-based, web-based, mobile, pop-up, or other business type that does not operate from a permanent location if owned by a Detroit resident and that business plans to operate permanently in the city of Detroit
- A new business whose owner resides outside the city of Detroit if the business has secured an existing commercial location in the city of Detroit with a letter of intent, lease, deed, land contract or similar legal agreement
- An existing business operating from a commercial location in the city of Detroit seeking assistance locating a new location in the city of Detroit
- An existing business with a commercial location in the city of Detroit planning expansion to an additional location in the city of Detroit
- An existing business in the city of Detroit seeking assistance for a location it has been operating in for one year or more
- The owner of an existing commercial building in the city of Detroit secured by a deed, land contract or similar legal agreement seeking commercial tenants or development assistance

## **Businesses being considered for awards must agree to the following:**

- Businesses must locate within the City of Detroit for at least 3 years following the award.
- Compliance with relevant technical assistance and financial assistance award requirements.
- 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.

## **Business Location**

For eligibility and evaluation purposes, businesses will also be considered based on their location status at the time of application submittal.

1. Businesses with No Permanent Location – this includes new businesses, home-based, web-based, mobile, pop-up businesses and building owners that have not secured a tenant seeking support services for launching, expanding, or permanently locating in Detroit; these businesses are eligible to apply for the Plan and Develop Tracks
2. Brick & Mortar Businesses – this includes businesses located in an existing, brick & mortar commercial space and building owners that have secured a tenant seeking support services or funding for launching or expanding in a permanent location in Detroit; these businesses are eligible to apply for the Plan, Space, Design, Cash, or Restore Tracks

## **Federal Funding Eligibility**

Award tracks are funded by the City of Detroit through allocations of federal and city funds or donations from private philanthropic sources, foundations, and lenders. Beginning July 1, 2022, Motor City Match is integrating federal funding from the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund (SLFRF) program.

ARPA SLFRF funding is allocated specifically to address the negative economic impacts that resulted from the COVID 19 pandemic. Businesses applying for consideration for a Motor City Match award must demonstrate that they experienced a negative economic impact as a result of the COVID 19 pandemic in one of the following ways:

## **Impact on Individual Businesses**

Businesses that experienced any of the following negative economic impacts are eligible for consideration of a Motor City Match Award:

- Unrealized investment in a business venture
- Loss of business revenue

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- Difficulty covering business payroll
- Difficulty paying full obligation of mortgage or rent for a business location
- Difficulty covering operating costs
- Difficulty hiring staff necessary to operate at normal capacity

## **Impact or Disproportionate Impact on Specific Business Classes or Industries**

Additionally, businesses that are part of one of the following classes of business or specific industries are eligible for consideration for a Motor City Match Award:

- Minority-owned businesses
- Women-owned businesses
- Microenterprises (a business employing 5 or fewer employees, one of whom is the owner)
- Theatres, music venues, and performing arts companies
- Arcades, amusement services and sports or recreation venues
- Full-Service Restaurants, coffee shops, bars, and limited-service eating places

## **Operating in an Impacted Geography**

Finally, businesses that satisfy existing Motor City Match eligibility criteria and are located in a Qualified Census Tract (QCT) are eligible for consideration of a Motor City Match Award. A QCT is defined as:

- Census tracts where 50% or more of the households have incomes below 60% of AMI, or where the poverty rate (households with income at or below 185 percent of the Federal Poverty Guidelines (FPG) is 25% or higher.

## **Additional Eligibility Information**

Conflicts of Interest Federal grant rules require that both the EDC and recipients of Motor City Match awards be free of any actual, potential or perceived conflicts of interest in the making of Motor City Match awards. Federal grant rules further require that Motor City Match awardees establish conflict of interest policies that comply with federal grant rules. See 2 CFR Part 200 and 24 CFR § 570.611 for more information.

Consistent with 2 CFR § 570.611, the general rule is that no employee, agent, consultant, officer, board member, or elected official or appointed official of the EDC, the DEGC or the City of Detroit, or of a Motor City Match contractor or lending partner who are in a position to participate in a decision-making process or gain inside information with regard to the Motor City Match program, may obtain a financial interest or benefit from the Motor City Match program, or have a financial interest in any contract, subcontract, or agreement with respect to the Motor City Match program, either for themselves or those with whom they have business or immediate family ties.

EDC's conflict of interest policies require that Motor City Match applicants disclose as part of their applications whether the applicant, the applicant's immediate family members or any person with whom the applicant has business ties is employee, agent, consultant, officer, board member, or elected official or appointed official of the EDC, the DEGC or the City of Detroit, or of a Motor City Match contractor or lending partner. Upon receipt of an applicant's disclosure, the EDC will determine whether a conflict of interest exists and if the conflict can be mitigated and/or granted an exemption in accordance with EDC policies and federal regulations. **NOTE: Failure to disclose an actual, potential or perceived conflict of interest may result in the rejection of a Motor City Match application, termination of a Motor City Match award, and/or the required repayment of any disbursed award funds, whether disbursed directly to the applicant or to a service provider on behalf of the applicant.**

## **Please note the following:**

- (1) Eligible business and property owners may designate a contact person to apply on their behalf;
- (2) Business owners that own vacant real estate for their future business location may apply as either a Building Owner or Business Owner

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(3) Businesses are limited to one application track per round. If a business owner submits multiple applications for the same business, (for different award tracks) only one application will be considered for an award.

(4) A business or building awarded for Technical Assistance award after September 1, 2021 may not apply again nor be awarded for that same award track.

(5) A business or building awarded for a Technical Assistance award track before September 1, 2021 may apply and be re-awarded for that track after September 1, 2021.

(6) Businesses are limited to applying to the program for one business or business idea per round

(7) Businesses expanding in place are not eligible to apply for Financial Assistance Awards.

## 4. SELECTION PROCESS

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### Scoring Criteria

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

1. **Vision and plan** for the business based on the soundness, completeness and creativity of the concept.
2. **Experience and capacity** of the business owners and key members of the business team.
3. **Market opportunity** to meet economic demand and advance business district revitalization.
4. **Community support** for new business including benefit to low to moderate income communities.
5. **Leverage** of business owner investment and other community investment initiatives in the area.

### Business Selection Process: Eligibility and pre-screening

- All applications that do not meet the eligibility requirements shall be considered non-responsive and discarded.
- All applicants shall self-select the award track to which they wish to apply, based on the requirements listed in the program guidelines.
- Motor City Match staff will review applications within each track, rank applications and select finalists for review when applicable. The finalist selection process is estimated to take approximately 30 days.
- If applicable, Motor City Match will notify all finalists in writing via email. Finalists may be asked to submit additional information for final consideration.
- Finalists will have a limited amount of time to turn in the required additional information.
- When applicable, program staff and a selection committee will use this information, along with the original application, to recommend awardees.

### Determining Project Viability & Feasibility

Motor City Match will provide two types of awards to Detroit businesses – Technical Assistance Awards and Financial Assistance Awards.

### Technical Assistance Awards:

Applications will be evaluated using five scoring criteria – vision and plan, experience and capacity, market opportunity, community support, and leverage. Awardees will be the applicants whose projects' high application scores indicate that they are relatively more viable and feasible than the applicant pool.

Once awarded, Motor City Match staff will work with awardees to further refine their projects by setting achievable goals with actionable steps. Staff does this indirectly – through subject specific workshops that provide information and explain processes – and directly through one-on-one consultations. All Technical

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Assistance Requests will be scrutinized to confirm services are in line with project goals before any Technical Assistance funds will be disbursed. A summary table of strategies for ensuring project viability and feasibility is below.

## Financial Assistance Awards

Grants are available for businesses that are not able to secure all of the financing needed to complete their project and open their business or perform necessary upgrades to the business they are currently operating. 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. As a condition to the grant award, each project will be required to complete a "project financial plan" in collaboration with Motor City Match staff or technical assistance providers. The project financial plan will identify:

- All project 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 owner) 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.

Business and building owners being considered for financial awards must agree to provide the following when applicable:

1. Business plan (new business) or growth plan (existing businesses)
2. Executed letter of intent or lease, a copy of a recorded deed, or land contract
3. Development plan including construction, renovation, or upgrade cost estimates and bids from contractors
4. Business financial information:
  - Interim balance sheet and income statement
  - Three years calendar/fiscal year-end balance sheets and income statements
  - Current accounts receivable aging
  - Current accounts payable aging
  - Three months bank statements for main operating account
  - Business organizing documents (articles of incorporation/formation, operating agreement, etc)
5. Personal financial information:
  - Signed and dated personal financial statement
  - Three years personal federal tax returns

Additional financial information may be requested by program staff to verify application information. A summary table of strategies for ensuring viability and feasibility of Microenterprises and Small Businesses Awarded a Cash Grant is presented below

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. Equity will be verified by providing proof of assets or previous investment in a supplemental application submission.

## 5. FINANCIAL ASSISTANCE AWARD DETAILS – CASH & RESTORE TRACKS

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Completion of previous Technical Assistance awards does not qualify a project for consideration for Motor City Match grant funding and loans from one or more of the Motor City Match lending partners. Selection

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as a previous Financial Assistance (Cash Grant) awardee does not qualify a project for consideration for Motor City Match grant funding and loans from one or more of the Motor City Match lending partners. All Motor City Match grant funding will be awarded based on the evaluation of a current application for Financial Assistance awards.

All applications will be considered for grants and loans, however not all applications will receive grant funding or financing. Applicants must demonstrate a financial need that cannot be met by capital available to them. Grant making is contingent on review and selection by Motor City Match staff and a selection committee. Lending is contingent on the underwriting guidelines of each lending partner. Up to \$1,000,000 in grants will be made available to building and business owners in the Cash Track and \$250,000 will be made available to building and business in the Restore Track each round.

## Loan Financing

**Motor City Match applicants will have the opportunity to apply for financing to a group of lending partners.** To simplify the process, applicants will fill out one application that will be reviewed by all lending partners all at the same time. This allows the applicant to save time while getting the best rates and terms possible. Motor City Match lending partners include but are not limited to:

- Invest Detroit
- Detroit Development Fund
- Michigan Women Forward
- ProsperUs Detroit
- CEED Michigan
- LISC Detroit
- CDC Small Business Finance

All Motor City Match grant awardees and finalists will be reviewed for consideration for financing from Motor City Match lending partners. In the event that Motor City Match lenders can't provide some or all the financing needed, those businesses will be considered for grants to fill the gap.

All finalists for Financial Assistance awards must complete a consolidated loan information form through the Motor City Match process to be considered for a grant. Please note, the process of submitting this information does not require that the business owner take on a loan.

## Grant Funding Levels and Requirements

**Grants are available for businesses 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 up to \$1,250,000 in grants each round. Both businesses and building owners will compete to access this pool of grant funding. Grants may only exceed 50% of the total project cost based on the financial gap if the total project cost is less than \$40,000.

**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.

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## **Grants are generally issued on a reimbursement basis and will be accessed on a “draw-down” basis.**

When sufficient capital to fund eligible expenses is not available to an awardee, “3-party” payment to vendors may be made available based on stipulations expressed in an awardee’s Motor City Match Grant Agreement.

Grant making will use scoring from the selection process as decision-making criteria for grants. Additional decision-making criteria are as follows:

## **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, business and property 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 including opportunities to receive financing from Motor City Match lending partners;
  - 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 able to be completely and independently funded through private sources, there is no need for public investment. In determining the “gap” on a project the Motor City Match selection committee will consider:
  - a. Whether the business or property owner has, or has not, applied for private financing.
  - b. Whether the degree of equity participation is, or is not, 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 % equity investment towards project costs.

## **Timeline for Completion**

Financial Assistance awards (grant funds) must be complete their first grant disbursement within one year of the award approval by the EDC board.

## **Required Documentation**

Business and building owners being considered for financial awards must agree to provide the following:

1. Business plan (new business) or growth plan (existing businesses)
2. Executed letter of intent or lease, a copy of a registered deed, or land contract
3. Development plan including construction, renovation or upgrade cost estimates and bids from contractors
4. Business financial information:
  - Certificate of assumed business name
  - Interim balance sheet and income statement
  - Three years calendar/fiscal year-end balance sheets and income statements
  - Current accounts receivable aging

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- Current accounts payable aging
- Three months bank statements for main operating account
- Business organizing documents
  - Articles of incorporation/formation (LLC, Corp)
  - Operating agreement (LLC only)
  - Partnership agreement (Partnership only)
  - Bylaws (Corp only)

## 5. Personal financial information:

- Signed and dated personal financial statement
- Three years personal federal tax returns
- Last three years W-2's for each individual
- Last two months personal bank/brokerage statement for all owners
- Copy of divorce decree or bankruptcy discharge (if any)

## 6. Building Information:

- Property owners must be in good standing with the City of Detroit, Wayne County, State of Michigan and the Internal Revenue Service ("IRS").
- Properties must be clear of outstanding blight or dumping tickets
- Properties must be current on water and drainage bills with Detroit Water and Sewerage Department
- Property must be vacant on or before the date of the application submission, unless an exception is granted.

## 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 outlines 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.

As a condition to the grant award, each project will be required to complete a "project financial plan" in collaboration with Motor City Match technical assistance providers. The project financial plan will identify:

- All project 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 Financial Assistance Award grant expenses include:

### Cash Track Grants

- Business and professional services necessary to complete the awarded project
- Technical assistance to support loan approval or accessing additional capital
- Construction costs including the following:
  - Design services and drawings
  - Exterior building renovations
  - Interior building renovations including necessary furniture, fixtures, and equipment
  - Code compliance, license fees and permit costs
- Working capital or operating costs necessary to offset financial hardship resulting from the pandemic including

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- Additional costs associated with COVID-19 mitigation tactics – barriers or partitions; enhanced cleaning; or physical changes to enable greater use of outdoor space

## Restore Track Grants

- Business and professional services necessary to complete the awarded project
- Technical assistance to support loan approval or accessing additional capital
- Façade Improvement costs including the following:
  - Exterior façade improvements
  - Signage and decorative lighting
  - Parking lot repairs, landscaping, storm water drainage
  - Murals, bicycle racks, and art-based elements related to facades
  - Physical improvements to parking lots, patios, and outdoor spaces

## Ineligible Expenses

- New construction of commercial or residential property
- Expenses incurred before notification of award
- Real estate acquisition
- Expenses related to residential or other non-commercial aspects of the project
- Expenses related to other business ventures
- Consulting fees
- Debt Service

## –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.

# 6. BUILDING OWNER PARTICIPATION

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## Award Eligibility

Building owners are eligible to apply for Technical Assistance Awards and Financial Assistance Awards. Building owner applications for Technical Assistance and Financial Assistance Awards will be evaluated based on the criteria set out in previous sections of this document and are subject to the same eligibility criteria as business owners.

## Motor City Match Property Database and Map

Additionally, building owners of vacant property may apply to have their space listed in the Motor City Match property database viewable on [motorcitymatch.com](http://motorcitymatch.com). Buildings that meet the criteria listed below will be included in the Motor City Match property database upon successful review of applications.

- All types of non-residential properties including, but not limited to, commercial, industrial, office, warehouse and co-working spaces will be considered.



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- 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), Low-profit Limited Liability Company (LC3)
- 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 should submit one application for each available unit or indicate the number of units and square footage of each unit on the application.

## Properties must meet the minimum conditions to be considered:

- 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, secured and safe for entry.
- Property owners must be in good standing with the City of Detroit, Wayne County, State of Michigan and the Internal Revenue Service (“IRS”).
- Properties must be clear of outstanding blight or dumping tickets
- Properties must be current on water and drainage bills with Detroit Water and Sewerage Department
- Property must be vacant on or before the date of the application submission, unless an exception is granted.

## Building owners being considered for inclusion in the database must agree to provide the following:

- Proof of ownership such as warranty or covenant deed, or if a purchase agreement is in place, the deed held by the current property owner
- 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 of the building owner 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
- Willingness to submit quarterly Building Status Updates that verify the building continues to meet the minimum conditions to be considered

## Application Process

### When to Apply:

Building owners that would like to have their vacant property listed in the Motor City Match property database can apply at any time. Building Applications are available on a rolling basis. Motor City Match staff reserves the right to include and remove any building or available space from the MCM Property Database based on compliance with eligibility conditions. **Inclusion in the Motor City Match Property Database is not considered a Motor City Match Award and does not include access to any Technical Assistance or Financial Assistance. Further, Motor City Match makes no guarantees with respect to a building owner’s ability to secure a tenant for the building listed on**

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the **Motor City Match Property Database**. As such, buildings chosen for inclusion in the “database” are not subject to EDC Board Approval.

## Where to Apply:

Apply online at [www.motorcitymatch.com](http://www.motorcitymatch.com) or pick up a paper application at the Detroit Economic Growth Corporation, 500 Griswold #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](http://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.

## 7. ADDITIONAL INFORMATION

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### Expectation of Awardees

Award awardees will be expected to attend events where they will be connected to other award awardees 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 awardees are announced.

All award awardees are expected to sign an acknowledgement of program terms in addition to relevant technical assistance or grant agreements.

*Technical assistance awards and financial assistance received pursuant this Agreement may be considered taxable income by the U.S. Internal Revenue Service, the Michigan Department of Treasury, and/or the City of Detroit Finance Department. Awardee is strongly urged to consult with a tax professional to determine the federal, state and/or city tax implications of receipt of financial or technical assistance. The Economic Development Corporation of the City of Detroit will issue a Form 1099 to each awardee.*

Add section about data collection around ARPA guidelines

### 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 owner with to one of their non-profit partner organizations that may be able to provide financial aid. Many of these non-profit partners are featured on the BizGrid, a list that is designed to help businesses find business support: [www.detroitbizgrid.com](http://www.detroitbizgrid.com).

### Confidentiality

Except as noted below, the EDC will not share Applicant proprietary and confidential data with any third parties except as need for the purposes of review during the award selection process and providing

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business support. Applicants should clearly mark such information as proprietary and confidential. Applicant data will not be sold.

NOTE; The EDC is a governmental body. Thus, documents in the EDC's possession are subject to disclosure under the Michigan Freedom of Information Act (FOIA). EDC will endeavor to not disclose any information of Applicant it believes to be exempt under the FOIA but, notwithstanding anything stated otherwise herein, the EDC cannot guarantee the confidentiality of Applicant's submissions and specifically does not warrant that the Application and any documents submitted therewith are exempt from disclosure under the FOIA. Accordingly, Applicants are advised that documents and information submitted to the EDC may become a public record. With respect to information which Applicant submits to the EDC as part of its Application, Applicants should give specific attention to the identification of information they deem confidential, commercial or financial information, proprietary information, or trade secrets and should appropriately mark such information as confidential prior to submission. Applicant should be prepared to provide justification why such marked information should not be publicly disclosed under the FOIA. Applicant is advised that, without notice to the Applicant and upon request from a third party, the EDC is required to make an independent determination as to whether the information may or must be divulged to that party and does not warrant that such information will be exempt from disclosure.

## Disclaimer

The information contained herein is subject to the actual grant-award 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 govern 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.