

# Motor City Re-Store

## Program Guidelines

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## PROGRAM GUIDELINES

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### **1. EXECUTIVE SUMMARY**

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#### **Giving Neighborhood Businesses A Boost**

Small businesses are cornerstones of Detroit's neighborhoods, and have been for generations. As Detroit neighborhoods grow and economic conditions change, long-time businesses must adapt, too, in order to thrive. Motor City Re-Store aims to help existing businesses contribute to the positive change in their neighborhoods by improving their curb appeal.

The goal of Motor City Re-Store is to ensure the success of existing businesses in Detroit by supporting the beautification of storefronts to benefit the community and make neighborhood commercial corridors more walkable, more attractive, and better for business.

#### **Track 1: Architecture and Design**

- Businesses will apply to receive conceptual design and scoping services, paid for by Motor City Re-Store. These services shall not exceed \$10,000 per project.
- The selected architect will then provide construction drawings, paid for by the awardee, for their exterior improvement project
- When drawings are complete, the awardee is eligible for Track 2: Construction

#### **Track 2: Construction**

- Business owners apply with construction drawings ready to build.
- Each business will receive a reimbursement grant for 50% of the cost of the construction for exterior improvements to their building.
- \*\* Businesses that apply together with 3 neighboring businesses on their block will be eligible for a 75% match
- No grant shall exceed \$25,000 per business

#### **Eligible project activities include:**

- Façade improvements
- Visible security and safety measures
- Signage and exterior lighting
- Parking lots repairs
- Landscaping, storm water drainage, and other and green improvements

**Scale:** City-wide. Up to \$500,000 in grants matched each quarter and a target total of 20 projects per quarter.

**Funding:** Track 1: Architecture and Design services are funded by CDBG. Track 2: Construction grants are funded by philanthropic and municipal funds.

**Who is eligible to apply:** Businesses that are open and operating within the city of Detroit are eligible to apply. Business owners and their landlords apply together in one application.

**Apply at [www.motorcityre-store.com](http://www.motorcityre-store.com)**

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## 2. PROGRAM OVERVIEW

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### Track 1: Architecture and Design

- Conceptual design
- Construction drawings



### Track 2: Construction

- Build exterior improvement
- 50% cash back for total project costs\*

\*Standard grants for this program are 50% of project costs up to \$25,000. If 4 or more businesses on the same block apply as a group, there are each eligible for a 75% reimbursement grant up to \$25,000.

## 3. APPLICATION AND AWARD PROCESS

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### Who can apply?

- Existing for-profit businesses who are currently open and operating within the City of Detroit who occupy commercial real estate. For-profit business entities may include Sole Proprietorships, General Partnerships, Limited Partnerships (LP), Limited Liability Partnerships (LLP), Corporations (Inc., Corp.), Limited Liability Companies (LLC).
- For profit business owners renting from not-for-profit or faith-based building owners are eligible to apply. Not-for-profit organizations that occupy the building are NOT eligible to apply.
- Independently owned businesses that participate in retailers' cooperatives are eligible to apply; however, franchises are not eligible.

### When to Apply

Starting in Summer 2017, business owners will have four opportunities per year to compete for Architectural and Design and Construction assistance through the program. Round 1 in 2017 will have a longer application period than subsequent rounds.

#### Track 1 Application Periods:

- Round 1: Applications open June 15, 2017 and close August 1, 2017
- Round 2: Applications open September 1, 2017 and close October 1, 2017
- Round 3: Applications open December 1, 2017 and close January 1, 2018

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- Round 4: Applications open March 1, 2018 and close April 1, 2018

### **How to Apply**

An application is required to be considered for a Motor City Re-Store Award. Business owners who do not own their space must apply jointly with the owner of the building. A target of twenty total awardees will be determined every round. Business owners that are not awarded may reapply in the subsequent rounds.

Business owners will apply for Track 1: Architecture and Design to receive conceptual design assistance and construction drawings. With those deliverables complete, the awardee is then eligible for Track 2: Construction. Applicants may apply directly to Track 2 if they already have signed and sealed construction drawings, or if their exterior improvement project is simple (eg., only installing a new sign or awning).

Business owners apply for one track at a time, and must have signed and sealed construction drawings in order to apply for Track 2. If those drawings are completed without assistance from Motor City Re-Store's Architecture and Design Track, they are still eligible for consideration.

Finalists may be asked to provide additional information, and will be notified as such.

Applications will be made available online at [www.motorcityre-store.com](http://www.motorcityre-store.com). Printed applications may be made available upon request by emailing [info@motorcityre-store.com](mailto:info@motorcityre-store.com) or calling 844-749-8359.

### **Application Assistance**

Information sessions will be held periodically and will occur at least once per application period. The schedule of events will be posted on [www.motorcityre-store.com](http://www.motorcityre-store.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.

### **Award Determination Process**

All applications submitted on time will be reviewed by the Motor City Re-Store staff. Initial screenings will determine finalists based on the following factors:

1. Eligibility
2. Vision and plan for the business based on the soundness, completeness, and creativity;
3. Feasibility of the exterior improvement project including building conditions and cost
4. Potential for the business and the exterior improvement project to benefit the community; and
5. Leverage and business owner/building owner investment in the project

Applicants chosen as finalists will be required to schedule a site visit with Motor City Re-Store staff and to provide additional information to confirm a planned scope of work and the business and landlord's capacity to fund the project.

The following are findings from the application process that would render an applicant *ineligible* for an Award:

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1. The business owner shows lack of commitment to participation or improving their business;
2. The business owner shows insensitivity or lack of commitment to the community in which they operate

## **4. ELIGIBILITY CRITERIA**

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The following section provides minimum requirements that applicants must meet to participate in MOTOR CITY RE-STORE. Applicants that do not meet the eligibility criteria will not be considered for MOTOR CITY RE-STORE services and awards.

### ***Applicants must meet the minimum requirements to be considered for award:***

- Businesses and Building Owners must be in good standing with the City of Detroit, State of Michigan and Internal Revenue Service OR willing to work towards resolving non-compliance issues in cooperation with Motor City Re-Store staff.
- Businesses must be open and operational within the City of Detroit before applying.
- Business must meet the Federal Eligibility Requirements provided below.

### ***Applicants must agree to the following conditions to remain eligible:***

- Businesses must stay in the location approved for upgrades for at least 5 years following project completion.
- Full participation in relevant architectural and design assistance and completion of all award requirements
- Willingness to coordinate with financing professionals to assist in the underwriting and financing of the project. Personal and Business financial statements, tax returns, and other financial documents may be requested for consideration of awards and are required for evaluation of the grant awards and loans.
- Willingness to adhere to the Motor City Re-Store design guidelines for any exterior improvements

### ***Landlord Involvement and Ownership Rights***

If the applicant business rents the space it occupies, a copy of the lease must be submitted with the application. As part of the determination process, the Motor City Re-Store team will review the lease to ensure it provides operating certainty for the tenant and meets Motor City Re-Store standards for investing in the property. Applicants with more favorable leases that provide longer lease terms and greater operating certainty will receive higher evaluation scores. To qualify for an Motor City Re-Store Award, the applicant's lease must meet the following minimum requirements:

1. To qualify for a Motor City Re-Store grant, the lease must have no less than five (5) years remaining on the term.
2. Lease must allow for Tenant improvements of the leased premises or consent from Landlord to allow Tenant improvements.

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3. Lease must not require the Tenant to return the leased premises to its original condition (pre-improvements) upon expiration or termination of the lease.
4. Lease must allow for a "Go Dark" period on behalf of the Tenant if necessary to the completion of the project. The "Go Dark" period means that the Tenant will either a) not be responsible for paying rent during the construction period if the business cannot operate or b) the lease term extends for a period equal to the length of time the business cannot operate due to construction of improvements.

If the Motor City Re-Store team determines the lease does not meet program requirements, then the Motor City Re-Store team will request an initial meeting with the applicant and the applicant's landlord to review the lease to ensure it provides operating certainty for the applicant and meets Motor City Re-Store standards for investment in the property. If an applicant is chosen for award, any necessary lease amendments must be completed and executed before the business and building owner will be eligible to receive Financial Assistance.

If the parties are unable to finalize the terms of the necessary lease amendments, then the awardee may remain in its current lease and either forfeit their Financial Assistance Award and accept limited technical services as designated by Motor City Re-Store staff, or forfeit participation in the Motor City Re-Store program altogether.

### **Landlord and Tenant Contributions to the Project**

If both the tenant and landlord invest in improvements, both parties may receive grant funds. Motor City Re-Store Vendors shall provide design and architectural services for the build out plans and exterior improvements with the landlord. Awardees shall not receive grants until business owner and landlord have provided a fully executed scope document that includes a detailed outline of landlord and tenant responsibilities with respect to specific costs and improvements for the intended project. Lease and scope documents are subject to review and approval by Motor City Re-Store staff.

## **Additional Eligibility Information**

### **Conflicts of Interest**

Federal grant rules require that both the EDC and recipients of Motor City Re-Store awards be free of any actual, potential or perceived conflicts of interest in the making of Motor City Re-Store awards. Federal grant rules further require that Motor City Re-Store 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.

The general rule is that no employee, agent, consultant, officer, or elected official or appointed official of the EDC, the DEGC or the City of Detroit, or of a Motor City Re-Store applicant who are in a position to participate in a decision-making process or gain inside information with regard to the Motor City Re-Store program, may obtain a financial interest or benefit from the Motor City Re-Store program, or have a financial interest in any contract, subcontract, or agreement with respect to the Motor City Re-Store 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 Re-Store applicants disclose as part of their applications whether any actual, potential or perceived conflicts of interest exist, and to propose a plan to mitigate any such conflict of interest. Upon receipt of an applicant's disclosure, the EDC will determine whether a conflict of interest exists and if the conflict can be mitigated in accordance with EDC policies and federal regulations. Failure to disclose an actual, potential or perceived conflict of interest may result in the rejection of a Motor City Re-Store application, or termination of a Motor City Re-Store

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award. Failure to disclose may also result in an Motor City Re-Store awardee being required to return any Motor City Re-Store funds received.

### **Please note the following:**

1. Eligible business owners may designate a contact person to apply on their behalf;
2. Businesses are limited to one application per track per application round, although they may apply for both tracks in one single round if eligible. If a business owner submits multiple applications for the same business, that business will be removed from award consideration. Business owners may apply in subsequent rounds for distinctly different businesses that they may own.
3. Owners of multiple buildings may apply with more than one unique business owner in the same round.
4. Applications from previous application rounds are not considered in the following application round. Businesses that were not awarded during the first round in which they applied must submit a new application to be considered for the next round.

## **Federal Eligibility Requirements**

Because Motor City Re-Store is funded in part by the U.S. Department of Housing and Urban Development ("HUD") Community Development Block Grant ("CDBG") Program, business owners must meet the Motor City Re-Store program objectives, and comply with CDBG regulations, to be eligible for Motor City Re-Store awards.

### **Program Objective: Provide a benefit for low to moderate income ("LMI") persons on an area basis (LMA).**

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% of the residents are LMI persons.

### **How we determine if a national objective is met:**

- **Test 1:** Project qualification is achieved if the project is located in an LMA census tract that serves a primarily residential area
- **Test 2:** If the project is not in a LMA census tract, then project must demonstrate their service area provides a benefit to at least 51 % LMI population in the area. If the business is a commercial use, the service area is determined to be a 2-mile radius of a primarily residential neighborhood. If the business is an office, industrial, or warehouse use, the service area is determined by 1-mile radius of a primarily residential neighborhood.

## **5. AWARD DETAILS**

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### **Track 1 – Architecture and Design**

Upon receipt of the Track 1 Motor City Re-Store award, Awardees will be entitled to up to \$10,000 in conceptual design services, and then will be expected to fully and satisfactorily pay for construction drawings for their exterior improvement project. The property owner will be expected to sign off on a scope of work as part of this track.

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Each Awardee will select professional service providers from a list of pre-qualified, pre-approved vendors to assist in the execution of the services. Awardees with a preferred provider that is not on the roster of pre-qualified, pre-approved vendors may have the preferred provider apply for Motor City Re-Store approval.<sup>2</sup>

The design professional will first complete conceptual designs and schematic drawings that provide a sense of the project scope and an estimate of project cost. This service will be paid for by Motor City Re-Store.

At this stage, the architect may complete signed and sealed drawings according to the concept of the exterior improvement project, the cost of which is the responsibility of the awardee.

Awardees may complete these architectural/design services at various speeds, but all awardees have up to one year to complete the architectural/design services. When signed and sealed construction drawings are complete, the awardee is eligible for Track 2: Construction.

Upon completion of the architecture and design services, the awardee and landlord must sign a Scope Agreement.

## **Track 2 – Construction**

In order to be eligible for Track 2: Construction, applicants must have complete signed and sealed construction drawings, though it does not matter whether those drawings were produced through participation through the Motor City Re-Store Track 1 or an outside source. Outside drawings are still subject to Motor City Re-Store design guidelines. Once an applicant is awarded a Track 2 Construction Award, they will sign a grant agreement with Motor City Re-Store.

The awardee is responsible for hiring contractors to complete their exterior improvement work. Motor City Re-Store will provide a list of qualified contractors as a resource, but will not make specific recommendations at awardees about who to hire.

The hired contractor will pull any permits required for the project. Once the City has issued the appropriate permits, construction may begin.

The Awardee will be responsible for paying the construction professional up front. Upon completion of work, Motor City Re-Store will approve the work and the Awardee will receive a grant for 50% of the cost of services. (Awardees who were approved for 75% match upon application will receive 75% grants. To qualify for this level of assistance, business owners must apply in collaboration with 3 other businesses on the same block.) The maximum grant amount for this work is \$25,000.

### ***Eligible project activities include:***

- Façade improvements
- Visible security and safety measures
- Signage and exterior lighting
- Parking lots repairs
- Landscaping, storm water drainage, and other and green improvements

All projects will be subject to inspection by the City of Detroit upon project completion.

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<sup>2</sup> Motor City Re-Store approval must be granted prior to receiving services, which could delay project initiation.



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### **Grant Details and Required Documentation**

Projects that receive grant awards will be required to execute a grant agreement that outline the terms and conditions for grant funding.

Grants can be made to a business owner and building owner or both (in a leasing relationship). This will be determined and agreed upon prior to grant disbursement. These requirements should appear in the approved cope documents prior to grant funds being dispersed:

- 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 by Motor City Re-Store.
- Who is responsible (either the property owner or the business) for all costs.

Grant funds are issued on a reimbursement basis and may be accessed on a “draw-down” basis. Grants for construction costs for exterior improvements may utilize HUD CDBG funding. If CDBG funds are utilized then, compliance with all federal regulations and guidelines will be required.

Motor City Re-Store will make up to \$500,000 in matching grants available to business owners each quarter. Motor City Re-Store anticipates making approximately 20 grant awards per quarter for a total of 80 awards per year.

Information provided in the application will be scored during the application and award determination process and used as a decision-making criterion for grants. Additional decision-making criteria are as follows:

1. The project must be financially feasible.
2. All sources of funding for the project financing must be committed, prior to receiving any of the grant award. Business and property owners will work with Motor City Re-Store financial partners and staff to provide the following:
  - a. Verify that sufficient sources of funds have been identified and committed to finance the project
  - b. All participating parties providing such funds must affirm their intention to make the funds available; and
  - c. The participating parties have the financial capacity to provide the funds.
3. The project costs must be reasonable and such reasonableness will be determined by the Motor City Re-Store staff.

Matching grants cover 50% of eligible project costs. Matching grants will cover 75% of eligible costs if four or more businesses apply on the same block (same side or across the street). Collaborating businesses must be named in the initial application in order to be considered for the 75% reimbursement level. The maximum grant award is \$25,000 for any business.

All grants are reimbursable and will be dispersed upon project completion, which requires the Awardee to secure 100% of project funding and have all work approved before receiving the grant.

Awardees must submit a written construction services agreement with their contractor prior to starting work on their project. This document will be approved by Motor City Re-Store staff prior to grant disbursement.

### **Grant Examples**

*Scenario One: Awardee uses their own equity*

- \$100 total project cost, 50% matching grant
- Awardee uses \$100 equity to complete project
- Motor City Re-Store issues \$50 grant to Awardee upon completion of the project

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*Scenario Two: Awardee receives a loan from Motor City Re-Store partner Detroit Development Fund*

- \$100 total project cost, 50% matching grant
- Awardee gets \$100 bridge loan to complete the project
- Motor City Re-Store pays off \$50 on the Detroit Development Fund loan
- Awardee pays back loan balance of \$50 to Detroit Development Fund

*Scenario Three: Both business owner and building owners contribute to the project*

- \$100 total project cost, 50% matching grant
- Business owner responsible for \$60 of project costs, building owner responsible for \$40
- Motor City Re-Store can help the business owner or building owner secure a loan if needed
- Business owner and building owner complete the project
- Motor City Re-Store issues \$30 grant to business owner, \$20 grant to building owner

*Scenario Four: Motor City Re-Store reimbursement throughout the course of the project<sup>5</sup>*

- \$100 total project cost, 50% matching grant
  - Windows and doors \$60
  - Lighting and signage \$40
- Business owner pays \$60 to install windows and doors. Motor City Re-Store issues \$30 upon completion
- Business owner pays \$40 to install new lighting and signage. Motor City Re-Store issues \$20 upon completion

### **Financial Assistance: Loan Financing**

Motor City Re-Store Awardees will have the opportunity to apply for project financing from our lending partners. Applying for financing is not required; however, Awardees are responsible for funding their full project cost in order to receive the reimbursement grant. Furthermore, in the event an Awardee does not qualify for an Motor City Re-Store Loan, it may seek alternate funds to finance the project cost and receive reimbursement upon project completion subject to the Grant eligibility requirements outlined below. This applies to both Tracks.

## **6. ADDITIONAL INFORMATION**

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### **Expectation of Winners**

As a condition of the award, Awardees will be expected to attend events where they will be connected to other award winners and resources. These events include, but are not limited to: various media opportunities to share their story with the public; and round tables, or peer to peer mentoring events, during which the Awardees may share their expertise with other small business program participants.

All award winners shall sign the Participation Agreement.

All awards are considered taxable income. Awardees should consult their tax advisors.

### **Use of Applicant Data**

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<sup>5</sup> Decision to reimburse throughout the course of the project is at the discretion of the Motor City Re-Store staff.

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Applicant information will be shared with the Detroit Economic Growth Corporation (“DEGC”) for the purpose 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 one of their non-profit partner organizations that may be able to provide assistance. 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).

Motor City Re-Store strives to only collect and maintain records and files containing applicant information of the type, and for the length of time, reasonably necessary to accomplish Motor City Re-Store’s program purposes, or as otherwise necessary for Motor City Re-Store to comply with other local, state, or federal regulations or requirements. Motor City Re-Store periodically reviews its records, files, and form documents to ensure that Motor City Re-Store is not gathering and retaining applicant information unless there is a compelling program need to do so.

### **Confidentiality**

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

### **Disclaimer**

The information contained herein is subject to the actual grant-award documents and the written terms and conditions of the Motor City Re-Store 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 its sole discretion, deem appropriate.