Appendix C

Relevant Funding Programs

A summary of the primary funding programs available at the State and Federal level to support the implementation of the Hillsdale Visioning and Economic Development Plan follows:

1. The Cool Cities Michigan Main Street Program

The City of Hillsdale, Litchfield and Reading should consider applying for the Cool Cities Michigan Main Street program -- a resource for communities to gain access to proven downtown development strategies and learn how to maximize the unique assets of their central business districts. It is a downtown revitalization program administered by the MEDC. Main Street offers intensive, year-round training in strategies designed to create more jobs and investment in Michigan's downtown communities. The MEDC implemented the Main Street program statewide in 2003. Main Street communities are selected based on the following factors:

1. the physical characteristics of the proposed Main Street area;
2. the capacity of the downtown business organization;
3. local economic factors; and,
4. the willingness of the community to actively participate, including a $20,000 minimum commitment to cover part of the costs of implementing the program.

The Main Street Program provides the critical technical assistance, central training support, and networking opportunities for its Main Street communities utilizing the 4-point approach (organization, promotion, design and economic revitalization), relying on key partnerships, and devising unique alternatives

2. **Cool Cities - Blueprint for Michigan's Downtowns**

Cool Cities Blueprints for Michigan's Downtowns takes a comprehensive, market-driven approach toward developing an action-oriented, downtown economic enhancement strategy. The Cool Cities Blueprints for Michigan’s Downtowns is designed to develop an action strategy that will, over a five-year period of implementation, move your community’s traditional downtown toward economic enhancement. Measurable results that will be tracked include the creation of new private jobs and private investment in the downtown. Process for the Cool Cities Blueprints for Michigan’s Downtowns program will be highly inclusive utilizing local volunteers and town hall meeting formats, will take approximately three months to complete, and will result in the issuance of an action strategy.

The MEDC and MSHDA will contract with a nationally recognized consulting firm to create downtown action strategies for up to ten Michigan communities. This consulting firm will specialize in the economic enhancement of downtowns and older business districts.

In addition to the intense process facilitated by nationally known experts in downtown revitalization and the issuance of an action strategy, the selected communities will also realize special consideration under some MEDC and MSHDA programs targeted at neighborhood and downtown revitalization.

Any city, township, or village that maintains an active downtown business organization and has a traditional downtown or traditional commercial center is eligible to apply.

3. **Tax Increment Financing Authority (TIFA)**

There are several TIFAs in Hillsdale County that should continue as active resources for improving their downtowns. As of January 1, 1987, the State legislature decreed that "a new TIFA authority or authority district *shall not be created* and the boundaries of an existing TIFA authority *shall not be expanded* to include additional land." If your community does not currently have a TIFA district, you are not allowed to create one. TIFA districts are designed to increase the property tax valuation of the area and to eliminate the causes of the decline in property values.

While additional TIFAs cannot be established, there are two alternate vehicles to generate local funds for community improvements that are available:

> **Downtown Development Authority (DDA)**
> The Downtown Development Authority (DDA), Public Act 197 of 1975 as amended, is designed to be a catalyst in the development of a community's downtown district. The DDA provides for a variety of funding options including tax increment financing mechanism, which can be used to fund public improvements in the downtown district and the ability to levy a limited millage to address administrative expenses. Many communities across Michigan have used their DDA to finance streetscape improvements, parking, underground utilities and other public infrastructure improvements, downtown marketing efforts and downtown staff operations. Any city, village or township, which has an area in the downtown of a municipality zoned and used principally for business, is eligible to establish a DDA
>
> **Local Development Financing Authority (LDFA)**
> The Local Development Financing Act (LDFA), Public Act 281 of 1986, as amended, allows a city, village, or urban township to utilize tax increment financing to fund public infrastructure improvements. The tool is designed to promote economic growth and job creation. Communities across Michigan have utilized this tool to extend sewer and water lines, construct roads, service manufacturing, and agriculture processing or high technology operations. Any city, village, or urban township is eligible to create an LDFA district.

4. **Property Tax Abatement**

Public Act 198 of 1974, as amended, is the primary tool local units of government use as an incentive for companies to renovate and expand aging manufacturing plants or to build new plants in Michigan. The legislative body of the city, township, or village in which the facility will be located grants the abatement, which reduces local property taxes by roughly 50% on new plants. In the case of a rehabilitation project, the obsolete SEV is frozen and the investment on improvements is 100% exempt from property taxes. Abatements cover both real and personal property and can run from one to twelve years, at the option of the local unit. Since it was passed in 1974, Act 198 has accounted for over 16,500 projects, representing 1.3 million jobs retained, 500,000 jobs created, and $81 billion invested.

Eligible businesses include industrial plants that primarily manufacture or process goods or materials by physical or chemical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution are also eligible for exemption. Also added to the industrial property definition is qualified high-technology business activity as defined in the Michigan Economic Growth Authority (MEGA) Act: advanced computing, advanced materials, biotechnology, electronic device technology, engineering or laboratory testing, medical device technology, product research and development and advanced vehicles technology. Until December 31, 2007, privately held electric generating plants are eligible for exemption. Every city, township and village in Michigan is eligible to grant tax abatements under Act 198.

5. **Business Improvement District / Principal Shopping District / Business Improvement Zone (BID/PSD/BIZ)**

These districts represent a source of financial support for a range of programmatic activities and a centralized source of technical assistance for cities – Litchfield, Hillsdale, and Reading. Through the provisions of Public Act 120 of 1961, to promote economic development, cities may create a:

- Business Improvement District (BID),
- Principal Shopping District (PSD) or
- Business Improvement Zone (BIZ).

A BID/PSD allows a city to collect revenues, levy special assessments, and issue bonds in order to address the maintenance, security and operation of that district. A provision under Chapter 2 of the Act allows a BIZ to be created by private property owners of those parcels in a zone plan within a city or village.

Only cities may create and have one or more BIDs. A BID may be one or more portions of a city or combinations of contiguous portions of two or more cities. The designated BID areas must be predominately commercial or industrial use. Only cities may create a PSD. A PSD may be created if the city has a commercial area containing a minimum of 10 retail businesses and the city has a master plan that includes an urban design plan designating a PSD or the development of a PSD. A BIZ is created by a petition driven by at least 30% of the property owners within a zone plan.

A BID/PSD provides business with the opportunity to come together and use their expertise, experience and financing to improve the marketing, infrastructure and operational aspects of their business area, each of which has an impact on their individual businesses.

A city is empowered through its BID/PSD to:

- Open, widen, extend, realign, pave, maintain or otherwise improve roads and construct, reconstruct, maintain or relocate pedestrian walkways.
- Prohibit or regulate vehicular traffic or parking where necessary for a BID/PSD project.
- Acquire, own, maintain, demolish, develop, improve, or operate properties, off-street parking lots or structures.
- Contract or appoint agents for the operation or maintenance of city off-street parking lots or structures.
- Construct, maintain and operate malls with bus stops, information centers and other public interest buildings.
- Acquire by purchase, gift, or condemnation and own, maintain or operate real or personal property.
- Promote economic development in the district through conducting market research and public relations campaigns; developing, coordinating and conducting retail and institutional promotions; and sponsoring special events and related activities.
- Provide or contract the administration, maintenance, security and operation of the district.

A BIZ is created by business owners within the established zone whereby they petition the city or village clerk to create the boundaries of the proposed zone. The BIZ is under no authority of the city or village.

6. **Brownfield Redevelopment**

Under Michigan's brownfield law, owners and operators of blighted or abandoned sites are no longer required to pay for clean-up actions unless they caused the problem. Buyers and lenders are now reliability protected from liability under Michigan law. Since June 2000, the program has awarded more than $213 million in credits that in turn have generated more than $2.9 billion of private investment in Michigan's older communities and suburbs.

Single Business Tax Incentives

The State of Michigan provides Single Business Tax (SBT) credits, on a case-by-case basis, to help with the expense of demolition, environmental cleanup and other remedial actions needed to facilitate reuse of undesirable properties. Credits are available for up to 10% of eligible investments to a limit of $30 million.

Tax Increment Financing

In addition to qualifying for SBT credits described above, contaminated properties may qualify for tax increment financing (TIF). This allows projects to capture state and local property and school taxes to pay for cleanup-related costs. All TIF projects must be approved by the MEGA board. Among eligible project are those in a local brownfield plan under the Brownfield Redevelopment Financing Act and located in a core community (older cities and suburbs as defined in P.A. 146 of 2000) Certain activities, such as baseline environmental assessment, may qualify.

MEDC will give priority to projects that meet one or more of the following criteria:

- The community participates through programs such as TIF, property tax abatement, Neighborhood Enterprise Zones or local revolving fund.
- The project supports "cool cities" redevelopment in downtown and near-downtown areas.
- Project plans reasonably improve the site's condition, or where TIF does not provide sufficient incentives for site reuse.
- Reuse of facilities enables manufacturers to create or retain jobs.

7. **Export Services Available to Michigan Companies**

The Michigan Economic Development Corporation international trade specialists on hand to help Michigan companies gain or expand access to markets in North and South America, as well as Asia. They are available to:

- Deliver export assistance, including direct company support.
- Coordinate export assistance services with economic developers and trade associations.
- Provide referrals to public/private marketing organizations statewide.
- Provide a searchable database of Michigan-produced goods and services and a directory of international business service providers online at Export Connection.

8. **SBA 504 Loans**

The SBA’s 504 Loan Program is an especially good opportunity for small and medium-sized businesses. A 504 loan provides access to the same type of long-term, fixed-rate financing enjoyed by larger firms. Interest rates are equivalent to favorable bond market rates.

Almost any type of business is eligible for 504 financing, including manufacturing, wholesale, service, professional service or retail. A 504 loan may be used for purchasing such fixed assets as land and improvements; construction of new facilities or renovation of existing facilities; or long-term machinery and equipment with a useful life of at least 10 years. Soft costs, such as legal and architectural fees, environmental studies, appraisals can be rolled into the loan.

A typical 504 project is financed 50/40/10. Fifty percent of the project costs are financed through a senior private-sector lender or bank. Forty percent of the project costs are provided by an SBA Certified Development Company backed by a 100 percent SBA guaranty. **There are seven state-wide SBA Certified Development Companies in Michigan to serve this role – it is therefore not necessary to establish a new development company in Hillsdale County**. The final 10 percent is an equity contribution form the company being helped.

Benefits of the SBA 504 Loan Program to business:

- Low down payment. In most cases, the company is required to inject just 10 percent, which allows the business to preserve cash for working capital.
- Fixed rate on the SBA 504 portion. Businesses don't have to worry about the prime lending rate going up and can calculate the exact amount of their payments for 20 years.
- Long Term. 504 loans are for 10 to 20 years. Longer terms reduce monthly payments.
- Low interest rate. Even with fees and closing costs included in the rate, the 504 program offers a low rate for a subordinate mortgage loan.

9. **SBA 7(a) Loan Program**

SBA 7(a) loans are the most basic and most used type loan of SBA's business loan programs. All 7(a) loans are provided by lenders who are called participants because they participate with SBA in the 7(a) program. 7(a) loans are only available on a guaranty basis. This means they are provided by lenders who choose to structure their own loans by SBA's requirements and who apply and receive a guaranty from SBA on a portion of this loan.

Under the guaranty concept, commercial lenders make and administer the loans. The business applies to a lender for their financing. The lender decides if they will make the loan internally or if the application has some weaknesses which, in their opinion, will require an SBA guaranty if the loan is to be made. The guaranty which SBA provides is only available to the lender. It assures the lender that in the event the borrower does not repay their obligation and a payment default occurs, the Government will reimburse the lender for its loss, up to the percentage of SBA's guaranty. Under this program, the borrower remains obligated for the full amount due.

Local lenders should work with SBA to obtain the ability to locally approve the 7(a) guarantees to expedite the approval process.

10. **Industrial Development Revenue Bond (IDRB) Program**

IDRBs are an attractive source of financial assistance to economic development projects in Michigan. They provide profitable firms with capital cost savings stemming from the difference between taxable and tax-exempt interest rates.

Public facilities which generate a revenue stream (parking structures, for instance) have traditionally been financed by municipalities through tax-exempt "revenue bonds. "IDRBs apply this same tax-exempt finance mechanism to the "public purpose" of economic development. The governmental unit borrows money from private capital markets, secured only by the project’s revenues rather than the government’s full faith and credit. Interest income earned on bonds issued by a governmental entity to finance a project for a private company which has demonstrated a good public purpose is exempt from federal, state, and local income taxes, thereby reducing the cost of capital (including the cost of letters of credit, remarketing fees, etc.) to an average 75-85% of prime.

The Michigan Strategic Fund (MSF) issues the IDRBs on behalf of the borrower and lends the bond proceeds to the borrower. These loans can be made for manufacturing projects and not-for-profit corporation projects and solid waste facilities. For manufacturing projects, bond proceeds can only be used to acquire land, building and equipment directly related to the manufacturing process. Warehouse space and other "non-core" items are ineligible unless they are directly related to the manufacturing process, and then are limited to 25% of the project. At least 70% of bond proceeds must be spent on "core manufacturing" costs.

11. **Michigan Community Development Block Grant Program**

The Michigan Economic Development Corporation (MEDC) administers the Michigan Community Development Block Grant Program (CDBG). CDBG is a federal grant program utilizing funds received from the US Department of Housing and Urban Development. Funds are used to provide grants to eligible counties, cities, villages and townships, usually under 50,000 population for economic and community development and housing projects. The Michigan State Housing Development Authority (MSHDA) administers the housing portion of the program.

Proposals are considered on a continuous basis and proposed projects may be submitted at any time during the year. Communities with potential projects should contact their MEDC representative.

To receive consideration for funding, an eligible local government must prepare and submit a Notice of Intent (NOI). The NOI is a two-page form providing basic information on the proposed project, project activities and a summary of the project budget including grant funds being requested and other funds. NOI's can only be obtained once the project has been reviewed by an MEDC staff person who has verified eligibility. The Michigan Strategic Fund (MSF) Board has final approval of all NOI's. After MSF approval, a full application process is required.

Economic development and downtown development infrastructure projects will be expected to meet each of the following guidelines:

- Minimum Leverage Ratio-Proposed projects are expected to leverage private and other public funds. Priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is two to one or greater.
- Financial Viability-The business must be financially viable and able to document that it has sufficient management abilities and skills to operate the business.
- Cost Per Job-Proposed projects are expected to create the largest number of jobs with the least amount of CDBG investment. Priority will be given to projects where the amount of CDBG funds per job created is $10,000 or less ($20,000 or less for downtown development projects).
- Job Creation/Retention-Priority will be given to projects creating 10 or more permanent full-time jobs.
- Minimum Local Participation-Proposed projects are expected to have local government funding for public infrastructure activities. Priority will be given to projects where local funding for public infrastructure is 10% or more of the total public infrastructure costs.

Economic development planning proposals will be evaluated on the extent to which it appears that the planning grant will lead to an eligible implementation project. Selection factors will include: an evaluation of near term (two to four years) job creation, where at least 51% of the jobs are held by, or made available to low and moderate-income people, the number and quality of jobs and the overall impact on the community. Proposals which are of a general planning nature, or which involve activities to carry out regular responsibilities of general local government units are not eligible.

12. State of Michigan Housing Resource Fund -- Rental Rehabilitation Program (1-24 units)

A source of funding to help improve upper floor storefronts for housing is the State's rental rehabilitation program. This program is intended to help local communities provide funding assistance to improve investor owned properties through the Housing Resource Fund awards to local units of government to encourage the rehabilitation of affordable rental units. A community may loan property owners up to 75 percent of rehabilitation costs, not to exceed $15,000 per unit. The investor/owner is required to contribute 25% of the project cost for each rental rehabilitation project. Rents are controlled and the units must remain affordable for at least five years. The assistance is generally structured as a forgivable loan that is forgiven at the end of the five-year affordability period, although 100 percent of the assistance must be repaid by the borrower should any term or condition of the program be violated. All properties must be rehabilitated to designated property standards and local codes. Tenant incomes must be certified annually. This loan may be forgiven after five years.

Applications are accepted during two funding windows, normally held in September-October and in January

13. Michigan SmartZone

Michigan SmartZones, a potential resource to support the proposed Small Business Incubator, are collaborations between universities, industry, research organizations, government, and other community institutions intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses.

There have been 10 SmartZones established to date and according to state officials there is no funding or plans for additional projects. Hillsdale County should monitor the future availability of SmartZone and related State of Michigan programs that may result from the proposed State bond issue.

14. Preservation Tax Incentives for Historic Buildings

The Federal Historic Preservation Tax Incentives program is one of the Federal government's most successful and cost-effective community revitalization programs. The Preservation Tax Incentives reward private investment in rehabilitating historic properties such as offices, rental housing, and retail stores.

Since 1976, the National Park Service has administered the program in partnership with the Internal Revenue Service and with State Historic Preservation Officers. The tax incentives have spurred the rehabilitation of historic structures of every period, size, style and type. They have been instrumental in preserving the historic places that give cities, towns and rural areas their special character. The tax incentives for preservation attract new private investment to the historic cores of cities and towns. They also generate jobs, enhance property values, and augment revenues for State and local governments through increased property, business and income taxes. The Preservation Tax Incentives also help create moderate and low-income housing in historic buildings. Through this program, abandoned or under used schools, warehouses, factories, churches, retail stores, apartments, hotels, houses, and offices throughout the country have been restored to life in a manner that maintains their historic character. Current tax incentives for preservation, established by the Tax Reform Act of 1986 include:

- 20% tax credit for the certified rehabilitation of certified historic structures.

- a 10% tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936.

For both credits, the rehabilitation must be a substantial one and must involve a depreciable building.

15. Michigan Historic Preservation Tax Incentives Program

In addition to the federal tax credit, there is also a Michigan historic tax credit. Michigan property owners and long-term lessees who undertake qualified rehabilitations of historic resources can apply for a credit against state income tax or single business tax of up to 25 percent of qualified rehabilitation expenditures. Property owners undertaking rehabilitation projects on depreciable resources that qualify for the federal historic preservation tax credit must *first* apply for the 20 percent federal tax credit. If the project is approved for the federal tax credit, the project will still be eligible for an additional 5 percent state tax credit. The purpose of the tax credit program is to provide incentives to homeowners, commercial property owners, and businesses to rehabilitate historic commercial and residential resources.

16. New Markets Tax Credits

The New Markets Tax Credit (NMTC) Program, administered by the Community Development Financial Institutions Fund (Part of US Department of Treasury) is a source of enhanced financing for both real estate and business development projects. The program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

NMTCs are allocated annually by the Fund to CDEs under a competitive application process. These CDEs will then sell the credits to taxable investors in exchange for stock or a capital interest in the CDEs. To qualify as a CDE, an entity must be a domestic corporation or partnership that: 1) has a mission of serving, or providing investment capital for, low-income communities or low-income persons; 2) maintains accountability to residents of low-income communities through their representation on a governing board of or advisory board to the entity; and 3) has been certified as a CDE by the CDFI Fund.

It will be unlikely for any organization in Hillsdale County to successfully compete for a NMTC allocation. Instead, it is recommended that HCIDC develop relationships with entities that have successfully received an allocation and include Michigan in its service area for this program (i.e., National City Bank Development Corporation, Urban Development Fund, LLC) for investment in community redevelopment projects.

17. Economic Development Planning and Infrastructure Grants

Michigan economic development Corporation’s Michigan Strategic Fund offers these programs to defray costs associated with site development for brick and mortar economic development projects. Grants and low-interest loans are available for qualified projects, with a required local funding match of 10 percent for the larger infrastructure grants.

Planning grants are available to local units of government with fewer than 50,000 in population for costs associated with planning for economic development projects, including design and site planning. Grants may not exceed $50,000, and a local funding match of at least 10 percent of the proposed project costs.

A competitive grant program to assist local units of government with costs associated with public infrastructure improvements necessary to attract state-targeted businesses, generally limited to value-added industries. Economic Development Infrastructure Grants come in two types: those funded with federal Community Development Block Grant Funds (CDBG) through the MEDC and those funded by the Michigan Strategic Fund through the MEDC. Local units with less than 50,000 in population and non-urban counties are eligible for CDBG-funded infrastructure grants; local units with at least 50,000 in population and urban counties are eligible for local (county) CDBG funds.

18. Certification of Abandoned Property for Accelerated Foreclosure Act (1999 PA 132)

The Certification of Abandoned Property for Accelerated Foreclosure Act allows local units of government to subject abandoned, tax-delinquent real property to a faster foreclosure schedule then the law otherwise allows. This process is a tool that has potential for assisting with site control of strategically important properties that are tax delinquent.

Local units of government seeking to return tax-delinquent, abandoned property to the tax rolls may subject such property to an accelerated tax foreclosure schedule. Stricter standards imposed against delinquent property tax owners should compel more rapid payment of property taxes, under threat of an accelerated loss of the property. Any local unit of government with abandoned, tax-delinquent property is eligible to use this enabling legislation. Local units of government, in order to effect this act, must determine the quantity of tax-delinquent, abandoned property in its jurisdiction. Abandoned property is defined as that which is vacant or dilapidated, and open to entrance or trespass. Local unit must make a declaration, by formal resolution, of accelerated forfeiture of tax-delinquent property before October 1 of any tax year.

19. Rural Arts and Culture Program

The Rural Arts & Culture Program is a Michigan Council for Arts and Cultural Affairs grant and assistance activity coordinated by the Michigan State University Museum. This program supports collaborative projects that utilize arts and cultural resources to impact economic development and strengthen rural communities. Grants range from $4,000 to $10,000. Requests of MCACA funds may not exceed 1/2 of the project's total cost. Hillsdale County is one of thirty-nine Michigan counties eligible to apply to the Rural Arts & Culture Program. The next round of funding is expected May 2006.

Funds may be used for

- Salaries, wages, honoraria, artist fees
- Supplies, materials, catalog, posters, packaging, distribution, and other marketing expenses
- Internships, artist residencies, commissions
- Arts – related industry development
- Video, film development
- Costs related to preparation and research of original manuscripts and limited edition publications by nonprofit organizations or individuals holding copyright
- Recording costs
- Lectures, symposia, panels, public discussions
- Planning, design, documentation, evaluation
- Exhibits, readings, series, performances, classes, seminars, in-service activities, works

State Programs In Which Hillsdale County Is Not Eligible

Below are programs in which Hillsdale County is not eligible to receive funding. Hillsdale County economic development officials should work with their state representatives and The Michigan Economic Development Corporation (MEDC) to review eligibility criteria.

1. Core Communities Fund (CCF)

Communities in Hillsdale County are at a major disadvantage in structuring incentive packages and competing for State resources for economic development since they are not designated as a Core Community. While there are 88 Core Communities in the State, none of these are located in Hillsdale County. These 88 eligible communities are designated in Michigan Public Act No. 146 of 2000, the "obsolete property rehabilitation act."

The MEDC CCF is designated to provide gap-financing assistance in the form of loans, grants, sales or cash flow participation agreements, guarantees, or any combination thereof. Funding is available for projects in one of three categories:

Economic Development: Projects that involve the creation of full-time jobs as a direct result of the infrastructure improvements; or development of a Certified Business Park.

Community Product Development: Projects that are indirectly associated with a private development project, but will help create the environment for successful projects and also contribute to the communities' institutional capacity or quality of life.

Certified Technology Park: For those communities that have been awarded "SmartZone" status (discussed below), the community can apply for financing to expedite its development.

2. Urban Land Assembly Program (ULA)

The ULA provides financial assistance in the form of loans to eligible cities for the acquisition of certain real property for economic development purposes, including industrial and commercial projects. Applications are accepted for projects located in a city experiencing one of the following:

- A local employment rate that is more than 70% of the annual average state unemployment rate as most recently issued by the Career Development Agency of the Michigan Department of Labor and Economic Growth.

- A growth in local population that is less than 75% of the state's population growth rate based on the most recent figures published by the United States Census Bureau.

- A change in local state equalized value, which is less than 50% of the state's five-year average as reported by the State Tax Commission.

The Urban Land Assembly (ULA) Program was established in 1981 by Public Act 171 of 1981. The program is administered by the Michigan Economic Development Corporation (MEDC). The program provides financial assistance in the form of loans to eligible cities for the acquisition of certain real property for economic development purposes, including industrial and commercial projects. The program is directed toward revitalizing the economic base of cities experiencing economic distress and decline.

The ULA Fund provides loans that can be used for direct costs of the acquisition of land, demolition, relocation, and site improvements required to make the land marketable. Pre-application costs, including appraisals and feasibility or planning studies and administrative costs are not eligible project costs. Projects must meet size and economic impact guidelines.

Projects must meet one of the following size requirements:

1. The land to be acquired for industrial use must consist of at least 10 contiguous acres within the legal boundaries of the city.

2. Projects involving the acquisition of land for industrial use of less than 10 contiguous acres may be considered if the city can present sufficient documentation demonstrating the critical nature of the proposed acquisition for industrial development purposes.

Projects involving the acquisition of land for commercial use must be located in a Downtown Development Authority (DDA) district established pursuant to Public Act 197 of 1975, as amended.

3. Obsolete Property Rehabilitation Act (OPRA)

Based upon the definition of distresses cities, there are not any communities in Hillsdale County currently eligible for this program. The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage the redevelopment of obsolete buildings. The tax incentive is designed to assist in the redevelopment of older buildings, in which a facility is contaminated, blighted or functionally obsolete. The goal is to rehabilitate older buildings into vibrant commercial and commercial housing projects. OPRA tax abatements may be given for those eligible projects that take place on an obsolete property and result in a commercial or commercial housing building project located in eligible the local units of governments.