



Detroit Brownfield Redevelopment Authority Local Brownfield Revolving Fund

Overview:

The Detroit Brownfield Redevelopment Authority (“DBRA”) has established a Local Brownfield Revolving Fund (“LBRF”), pursuant to Section 8 of Act 381, Public Acts of Michigan, 1996, as amended (“Act 381”). The LBRF is funded through tax capture on eligible property where an approved Brownfield Plan has been implemented and the developer reimbursement has been completed. In accordance with Act 381, the LBRF may be used only to fund “Eligible Activities” on “Eligible Property”. (See the Brownfield Tax Increment Financing (TIF) information sheet for more details on Eligible Activities and Eligible Property). The DBRA may use the LBRF to provide loans and/or grants to eligible applicants to assist with the upfront costs associated with the completion of eligible activities in connection with Brownfield Plans which have been approved by the DBRA and the City of Detroit.

Policies and Eligibility Criteria:

Loans: As LBRF loans are repaid to the DBRA, the principal loan amount portion of the repayments are “revolved” back into the LBRF and these funds become available to fund new loans to other eligible borrowers. This source of gap financing may provide more flexible and favorable borrowing and repayment terms than conventional financing.

- Minimum amount considered for a loan is \$50,000.00.
- Only one loan can be given to a project.
- Loan amount shall not exceed fifty percent (50%) of the DBRA’s TIF commitment for the project, or \$1 million, whichever is less.
- As security for the repayment of any LBRF loan, the TIF capture from the project must be pledged to the DBRA for loan repayment (additional security may be required).
- Interest rates and repayment terms on LBRF loans will be market competitive based on loan underwriting and project needs.

Grants: LBRF funds may be utilized in the form of grants. Entities that qualify for LBRF grants include: Detroit-head-quartered businesses, non-profit organizations, and state sanctioned economic development organizations.

- Grants will not exceed the current maximum established by DBRA resolution and will be prioritized to fund environmental due diligence, BEA, due care, and other environmental response activities.
- The DBRA shall reserve twenty-five percent (25%) of its annual LBRF deposit for grant funding.

DBRA LBRF Review and Approval Process:

To apply for a LBRF loan or grant, developers of eligible projects shall submit the following documents to the DBRA staff:

- A completed and executed LBRF Program Application;
- A non-refundable LBRF loan application fee in an amount equal to 1% of the requested loan amount;
- Evidence, satisfactory to the DBRA, of the developer’s inability to monetize the DBRA TIF commitment at reasonable terms from other financial institutions;
- Disclosure of existing project financing and proof of commitments;
- Other documentation requested by DBRA staff.

Upon receipt of an application for an LBRF grant or loan, DBRA staff will review the grant or loan application along with other supporting documentation and make a recommendation to the DBRA Board of Directors regarding approval or rejection of the application. All LBRF grants and loans are contingent on the approval of the DBRA Board of Directors and, in the case of an LBRF loan, the execution of a loan agreement and other documents that maybe be executed in conjunction therewith.