

2009
Retail Investment Fund
Commercial Development
Program Guidelines and Application Procedures

The Retail Investment Fund (RIF) is limited to funding RETAIL development projects,¹ in an existing retail district. These businesses cannot be home based. They must be located on or near a commercial street. The size of a RIF grant is determined by the size of the project, private investment, and job creation. There is a \$5,000 per FTE job grant limit. A start-up business will be considered to create at least one full-time equivalent or FTE job (the entrepreneur) as well as any additional jobs. The expansion of an existing business shall be fundable only if additional jobs, beyond those in existence at the time of application, are created by the grantee.

The RIF program is a reimbursement program. The grantee will only be reimbursed for eligible PRE-APPROVED grant related expenses. Grant funds cannot be disbursed until all conditions of the grant contract have been fulfilled, including job creation.

- A. **Eligible types of businesses:** Retail, (commercial) service or professional office type neighborhood serving businesses (Please refer to footnote #1). There must be a public benefit to the neighborhood such as the provision of goods and services currently not available, new jobs, blight elimination, etc.
- For profit, property tax paying businesses
 - Preferably, the applicant should own the real estate, in which the business is located. Alternatively, the applicant must have a fully executed lease, the landlord must demonstrate a familiarity with and support for the project and endorse the applicant.
- B. **Base # of jobs:** The number of FTE jobs at the time of application.²
- C. **Job creation:** The new jobs must be created after approval. A job qualifies as being established if it is in existence for at least 45 working days. Up to three part-time employees can count toward the requirement of one FTE if the hours worked add up to at least 2080 per year. In such a case, they would be converted to one full-time equivalent. To meet the terms of this grant all new FTE's, which fulfill the requirements of the grant, **must be City of Milwaukee residents.**

¹ Neighborhood serving service businesses such as, but not limited to, insurance agencies, travel agencies, lodging on a commercial street and must have a retail component tied to it and similar professional service companies will be evaluated on a case-by-case basis. The principal criteria being applied are whether or not the proposed business is pedestrian and street orientated. Does it attract customers and clients to the place of business as opposed to a business, which, like wholesale, brings its goods, and services to the customer or client?

² One FTE is the equivalent of 2080 hours of paid work distributed among up to three individual workers.

D. **Use of Funds:** Funds can be used for the following types of activities as long as the activities themselves are directly related to and necessary for the improvement or acquisition of tangible assets. Grant disbursement will not occur until and unless the appropriate job creation levels are achieved.

- Architecture and Engineering (A&E) costs
- Purchase of Furniture, Fixture and Equipment (FF&E), start-up inventory (***working capital or payroll is not a reimbursable expense***)
- A detailed listing of each item purchased (reimbursed) with RIF funds must be provided to the Department before disbursement of grant funds can occur.
- Evidence of a UCC Filing with the Wisconsin Department of Financial Institutions for those items valued in excess of \$300.00 purchased (reimbursed) with RIF funds must be provided to the Department before disbursement of grant funds can occur.
- Environmental testing and clean up costs are eligible expenses although these costs are incurred very early in a project and grant disbursement is not possible until the required number of FTE's have been created and have been on the job for at least 45 working days.
- Whenever possible, RIF dollars, and the required equal match, will be applied to those elements of the defined project that are **not** directly associated with construction or equipment installation activities (In some instances this restriction can be waived). Those projects which use RIF dollars for construction related activities may be subject to the rules and regulations of the Davis-Bacon Act which stipulates various monitoring and wage rate requirements;

E. **Match:** The applicant must provide detailed and hard evidence of a 100% match.

- The "match" must be greater than the amount of the RIF grant. The match must be in the form of equity. The project development budget can contain debt. However, the match for the RIF Grant must be in the form of owner (grantee) equity. **The RIF program will not invest more in a project than the owner/applicant and the award is generally not more than 20% of project budget. (i.e. \$125,000.00 budget, grant \$25,000.00)**
- The intent of the program from the outset has been to provide incentives for retail oriented projects that fill vacant space.

- If the project is receiving a non-RIF grant from the City (e.g. a façade grant), the County, or the State, a corporate partner, a foundation, or a similar, non-public sector source, ***those funds cannot be used for the match***, although their inclusion in the project budget is acceptable and does not disqualify a project.

F. **Specific ineligible business activities** include, but are not necessarily limited to all non-profit agencies and **entities, schools, day care centers, currency exchanges including check cashing agencies and some non-bank financial retail outlets, taverns, liquor stores, gun shops, pawnshops, franchises or retail chain stores, stand alone lodging, and real estate ownership and management.** The committee may decide on a case-by-case basis to exclude other business activities, which they believe, do not benefit the health, safety, and welfare of the community and/or do not meet the objectives of this fund.

G. **Other Considerations:**

- The intent of this grant program is to assist with the establishment or expansion of business activity in **commercial districts**. To be eligible to receive grant funds the grantee can be either a start-up or an expanding operating business, selling goods and services from the address described in the grant application and contract documents.
- No application will be reviewed or presented to the committee for their consideration on behalf of an individual or entity that is delinquent in their City of Milwaukee Property Taxes. **Proof that all appropriate local property taxes are current must be submitted with the application.**
- No application will be reviewed or presented to the committee for their consideration on behalf of a project situated in a building with unabated Building Inspection Orders. Neither the grant recipient nor the landlord (if not the same entity) can have outstanding unabated Building Inspection orders on any property they own in the City of Milwaukee. **Proof that all affected properties do not have any outstanding building code violations must be submitted with the application.**
- Grantees must file a list of equipment purchased with RIF support with the Department of City Development. All purchases in excess of \$300 must be registered with the City. All purchases in excess of \$300 must also be registered with the Wisconsin Department of Financial Institutions on a UCC form. ***This will put a lien on the equipment funded by the City grant for 3 years. In the event the business is sold or closes before the 3-year hold, the grant must be repaid to the City.***

- H. **Project start-up and cost eligibility:** Costs that are eligible for reimbursement or costs that are eligible for consideration, as part of the match **cannot be incurred prior to the date established by the RIF Committee as the project start date.** Typically, that date is the date of grant award. All costs incurred by the applicant prior to the receipt of a fully executed grant contract are incurred at the risk of the applicant.
- I. **Grantee start-up window:** eight months; 16 months (with a written request for extension); 24 months for new construction.
- All financing commitments, lease or other commitments as well as all necessary binding obligations must be in place and evidenced to the grantor within the eight-month period starting upon the date of the Grantee/grantor award meeting. Such a meeting shall be scheduled by DCD as quickly after Committee action as possible. Extensions can be requested in writing by the grantee prior to the end of the eight-month period. Applicants whose grant has been terminated can reapply to the fund after the eight-month period. Applicant will be expected to resubmit new application material for consideration.
 - Projects that have not successfully completed the above stated requirements (including the job creation obligations presented in paragraph C. above) by the end of the calendar year will be considered for termination of contract and rescission of the grant. A waiver of this provision may be requested by the grantee and will be considered by the grantor.

For additional information call

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Please submit application materials to:

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