

Washington Heights Entrepreneurial Fund



Program Guidelines

Executive Summary

A momentum surge in downtown Battle Creek has seen new apartments, restaurants, offices and brewpubs. Despite a pandemic, some have already arrived; others follow close behind. For sustainability and continued growth, however, targeted economic development activity must happen in concert with adjacent neighborhoods. Efforts must create entrepreneurial opportunities for underserved and underrepresented minorities – especially low- to moderate-income (LMI) individuals. These demographics are hamstrung by limited access to capital.

Broadly, these efforts are intentional and inclusive. Specifically, these efforts are focused on Washington Heights, a natural expansion area to complement the redevelopments downtown. To that end, Battle Creek Unlimited (BCU) has established the Washington Heights Entrepreneurial Fund. The \$2 million program has dual tracks: a real estate development fund, which is grant based; and an entrepreneurial fund, which awards low-interest loans. Portions of some loans may be forgivable.

Washington Heights is adjacent to downtown Battle Creek. The neighborhood is 67 percent Black, giving it the highest concentration of Black residents in the City. The median household income is \$25,011, which is 41 percent lower than the City average. This program will increase access to capital for these economically disadvantaged residents. Only 46 percent of Washington Heights residents have a high-school diploma, compared to over 90 percent in the rest of Battle Creek. Over 50 percent of the neighborhood's commercial property is blighted.

Further, the neighborhood's crime index is twice the City's and almost three times the Calhoun County index. Program emphasis will be on area youth. Increased business acumen among young individuals will help lay the foundation for growth and sustainability. The concentration of Black residents in Washington Heights with lower household incomes and education levels creates a neighborhood that requires targeted resources for stabilization and equitable development. This project is designed to increase household incomes for LMI individuals through business ownership and development.

Collective buy-in is important for program success. New Level Sports Ministries (NLSM) will be a key collaborator. NLSM is a reputable, trusted organization that carries enormous influence with neighborhood residents. Voces, the Burma Center and the Urban League are also collaborators and will help disseminate program information. These advocacy groups will be integral throughout.

Property owners and existing business owners face major hurdles: challenge finding the right space, and, even when space is identified, issues with historic buildings, blighted facilities and vacant spaces. Problems with building-code compliance and other obstacles put the cost and scope of projects out of reach for many. This program helps address those gap-financing issues, especially for LMI individuals.

It also remedies a persistent barrier to entry for business enterprises among LMI households, especially within the Black, Hispanic, and Burmese populations: equitable access to capital. The program gives preference to those who are Black, Hispanic or Burmese with easier access to resources imperative for long-term success. Additionally, program recipients will be provided guidance and mentorship in business basics like accounting, marketing, human resources and product development to ensure success.

Projects may fall under the real estate or business categories. Recipients are eligible to receive grants up to \$300,000 for only real estate improvements. Recipients can also be eligible to receive low-interest loans up to \$150,000, with the possibility of partial forgiveness, for viable business startups and businesses in growth phases. Loan repayments on projects will be reinvested in the program to contribute to program sustainability. Some projects may satisfy both real estate and business categories, but no one project may receive more than \$350,000 in total.

With access to capital and business-education resources, prospective tenants, entrepreneurs and property owners in Washington Heights can contribute to and participate in the economic upswing in Battle Creek. Increased capital will revitalize vacant commercial properties. Projects will also spur job creation and wealth generation – especially for LMI individuals in the census tract. Washington Heights can benefit related demographics through growth of permanent direct and indirect jobs for LMI workers. Job creation is an eligibility requirement (see matrix). The fund will serve LMI individuals and others by improving public spaces that are in a general state of deterioration and provide solutions for minority-owned businesses without a physical location.

The economic revitalization of Washington Heights is crucial to the continued redevelopment of Battle Creek's vital neighborhoods. Key outcomes include the establishment of new businesses and real estate to support new and existing businesses that were otherwise unfeasible due to lack of access to capital and other startup resources not immediately available to those from LMI households and are Black, Burmese or Latino. Resulting community enhancements will complement related efforts to improve vibrancy and economic conditions in Battle Creek.

Other anticipated outcomes include: reduced crime rates, reduced blight, increased generational opportunities, increased wages, wealth generation, and increased morale/pride. This will help lead to broader expected outcomes that benefit the areas beyond just Washington Heights. Outcomes include increased wages and spending of disposable income in a neighborhood that otherwise would not have generated the economic output.

Eligibility Rules

Eligible Recipients

- Those who are LMI may apply. LMI individuals are those whose total income is less than 80 percent of the area median income.
- Preference will be given to those who are Black, Hispanic or Burmese.
- Business owners and prospective business owners – with preference given to Blacks, Hispanics or Burmese – whose operations are located within the program boundaries of Washington Heights (see map).
- Property owners and prospective property owners – with preference given to Blacks, Hispanics or Burmese – whose real estate is located within the program boundaries of Washington Heights (see map).
- Preference will be given to LMI individuals who are Black, Hispanic or Burmese.
- All types of properties, including, but not limited to: commercial, office, agricultural, industrial and co-working spaces.
- For-profit corporations, companies and not-for-profit organizations that own real estate within the program boundaries of Washington Heights. For-profit property ownership entities may be Cooperatives, Sole Proprietorships, General Partnerships, Limited Partnerships (LP), Limited Liability Partnerships (LLP), Corporations (Inc., Corp.), Limited Liability Companies (LLC).
- Entrepreneurial projects within faith-based organizations that own real estate within the program boundaries of Washington Heights (see map).
- Only one awarded application per organization/business.
- Businesses owned by those who are Black, Hispanic or Burmese outside the program boundaries may participate through employment opportunities or succession planning. This category is limited to 10 recipients. Eligible businesses hiring Washington Heights residents from LMI households – with preference given to Blacks, Hispanics or Burmese – for entrepreneurial experience can qualify for wage match grants up to \$10,000. Eligible businesses may also qualify for up to a \$10,000 low-interest loan for business assistance.

Eligible Real Estate Expenses

- Architectural, engineering, professional services
- Construction management
- General trades, environmental assessments
- Selective demolition
- Building core improvements (interior, exterior)
- Mechanical, electrical, plumbing, fire suppression
- Façade, roof improvements
- Lighting, security upgrades
- Permitting, inspection fees
- Site improvements (e.g. earthwork, environmental)

Eligible Business Expenses

- Office space (lease/rent) (up to 50 percent, or a maximum of \$20,000, for one year)
- Equipment, supplies
- Communications
- Licenses, permits
- Legal
- Insurance
- Inventory
- Employee wages (up to 50 percent, or a maximum of \$10,000, for one year)
- Advertising, marketing
- Market research
- Web design

Program Parameters

General Guidelines

- Property owners, prospective property owners, business owners and prospective business owners shall be residents of Washington Heights from LMI households with preference given to Blacks, Hispanics or Burmese. Those who do not meet the criteria cannot be guaranteed consideration in the program.
- Awarded projects will follow a customized disbursement schedule as outlined in the respective grant agreement. Most projects will have three or four milestones, depending on the complexity and duration.
- Weighted criteria for all projects:
 - Total investment
 - Square footage revitalized
 - Number of permanent jobs
 - Number of temporary jobs
 - Number of jobs for LMI individuals
- Maximum awards for real estate-only projects (grants) shall not exceed \$300,000.
- Maximum awards for business-only projects (low-interest loans with possibility of partial forgiveness) shall not exceed \$100,000.
- Combined awards shall not exceed \$350,000.
- Sweat equity can be used for match/equity dollars up to 50 percent of the total match/equity needed, or a maximum value of \$15,000.
 - Sweat equity: nonmonetary contributions to the project by the applicant(s)
 - Sweat equity of owner's time = \$15/hour
 - Owner can count assistance of up to three additional individuals' times toward sweat equity at a rate of \$10/hour.
 - All hours must be logged and reported to the grant administrator.
- Projects matching lower than 40 percent must attend business development programs.

Real Estate-Only (Grants) Project Guidelines

Project range	Match needed	Grant qualification
\$ 0 – 100,000	10 % \$ 10,000	90% \$ 90,000
\$ 100,001 - 200,000	20 % \$ 40,000	80 % \$ 160,000
\$ 200,001 - 300,000	30 % \$ 90,000	70 % \$ 210,000
\$ 300,001+	40 %	60 % Maximum \$ 300,000

Business-Only (Loans) Project Guidelines

Loan qualification	Jobs created
Up to \$ 25,000	1 - 2
\$ 25,001 – 50,000	3 - 5
\$ 50,001 – 75,000	6 - 8
\$ 75,001 – 100,000	9 +

- Loan terms for business projects:

Months	Terms
0-12	Payment deferral; interest accrual
13-24	Principal and interest payments
25-36	Job-based loan forgiveness (\$7,500/job, up to 10)

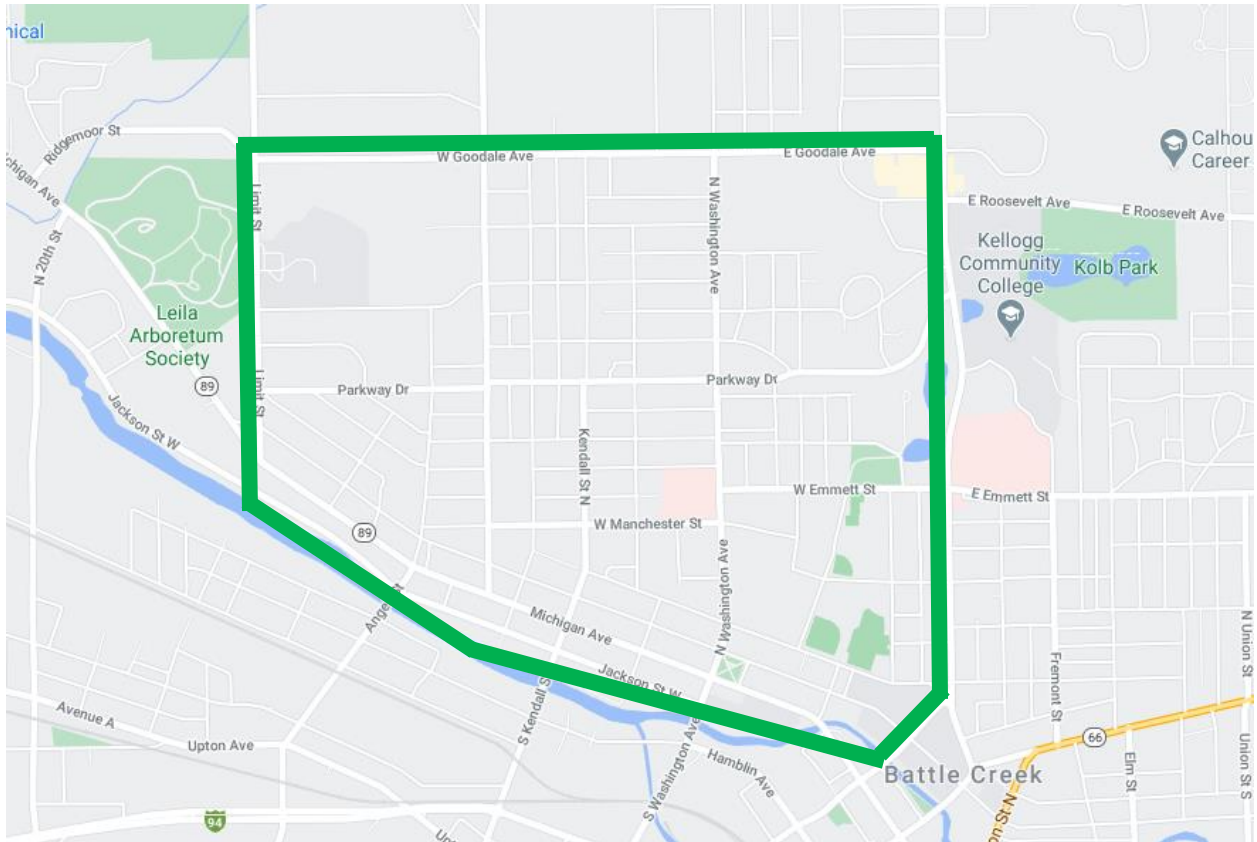
- Explanation of loan terms for business projects:
 - Business projects receive low-interest loans.
 - Projects are eligible for partial forgiveness 24 months after the project start date.
 - Loan forgiveness will only be considered for permanent job creation.
 - Projects may qualify for loan forgiveness at \$7,500 per maintained job for up to 10 employees.
 - With limited program resources, projects that uphold greater permanent job growth will receive favorable consideration.

Combined Project Guidelines

- Projects making both real estate and business improvements must distinguish between the two cost narratives. Awards for real estate and business costs will correspond with the respective tables above.

Program Boundaries

- Goodale Avenue to the Battle Creek river; Limit Street to North Avenue



Application Framework

Please provide an attached document following the basic framework below:

1. Executive Summary/Business Concept

Provide a proposal summary outlining the project scope, the funding needs, and give the most general description of the use that will be made of the funds (ie, reduce blight, improve commercial vacancy rate, satisfy a local market demand, etc). Show how the proposed project/business has been disadvantaged from limited access to resources.

2. Organization Description and History

Include the history of the applying organization – whether for-profit, nonprofit, Cooperatives, Sole Proprietorship, General Partnership, LP, LLP, Corp. or LLC. Talk about its structure and give information about those involved in carrying out the activities that will be funded by the requested grant, major accomplishments of the individual/entity, relevant experience of the individual/entity, established partnerships and relationships that will be leveraged in carrying out the activities funded by the grant, and information about any prior grants received.

3. Real Estate

Explain the desired property and its implications for the project, elaborating on acquisition/leasing costs, rent structure and buildout. If the intent is to purchase a building/land parcel, indicate how those costs are baked into the overall project cost, including necessary fixed-asset upgrades. Conversely, if space will be rented, indicate how rent structure will be affected by fixed-asset upgrades (ie, how/if costs will be shared between lessor and lessee, how costs will be factored into net project investment, etc).

4. Business Services

Outline ancillary support services needed for the project (e.g. legal, accounting, tax advice, etc). Support may include real estate expertise, business services or other functional specialties. Explain where these services fit into the broader project equation, and why they're integral to success.

5. Background

Provide a brief history of subject property or business, and explanation of missing services in the community that can be recognized or corrected because of grant award. Provide evidence that the problem exists – and how the proposed project can mitigate that problem. Other supporting documents from various studies, articles or related materials are encouraged. Provide context for why this proposal should be selected over similar proposals aiming to serve like goods and services.

6. Description

Provide detail on the business/operation plans. Explain the duration of time during which funds will support the project, goals and objectives of the proposal. Other supporting information describing overall economic impact is encouraged.

7. Jobs

Highlight jobs created by the project, emphasizing permanent jobs for individuals from Washington Heights and other LMI neighborhoods. Calculations should consider ongoing direct and indirect jobs, construction and buildout jobs, and operations jobs stemming from the project. Show anticipated wages. Distinguish between full-time and part-time positions.

8. Timeline

Provide a detailed timeline illustrating how funds will be utilized to realize project completion. Milestones for fund distributions will be a key part of grant award requirements.

9. Budget

Proposals should demonstrate fiscal ability to complete the project and begin operations. Give a broad cost narrative. The narrative may factor in the financial award. Additional financial sources separate from program dollars must be included.

Mentor Team

Local business leaders will form a volunteer group to help mentor recipients, connect them with the proper service providers and troubleshoot general project obstacles. Other contracted experts for key disciplines will help maximize efficiency in business, workforce and community assets. Together, these individuals will contribute to economic sustainability across program-sponsored projects.

Service Providers

Service providers will be key to program success in Washington Heights. These resources will assist program recipients with general insight and project-specific needs.

Three support resources exist for program recipients:

- Real estate/realtors
- Business services
- Functional specialties

To participate, service providers go through a vetting process. This ensures recipients are met with capable, accountable experts in respective fields. Lists for each specialty are capped at five. If the needs of program recipients – and the needs of Washington Heights – are not being satisfied, service providers will be removed the list. The program’s selection committee, which includes Washington Heights stakeholders, regularly vets and revisits service providers and their respective contributions and successes.

Selection Committee

Applications will be reviewed by the Washington Heights Entrepreneurial Fund selection committee yet to be determined. The committee may include representatives from Washington Heights, NLSM, BCU, WKKF and other community stakeholders. A blend of different perspectives will ensure applicants/proposals receive fair assessment.

Date of Application: _____ Female: _____ Male: _____ AA/Hsp/Bur: _____

Type of Application – Real Estate: _____ Business: _____ Both: _____

Project Address: _____

Residential Address: _____

Legal name of organization applying: _____

Year Founded: _____ Current Operating Budget: _____

Owner/Principal: _____ Email Address: _____

Contact person/title/phone number:
(if different from executive director): _____

Phone number: _____ Website: _____

List any previous lending support in the last 3 years: _____

Project Name: _____

Purpose of Grant: _____

Construction Jobs: _____ Direct Jobs: _____ Indirect Jobs: _____ Operations Jobs: _____

Dates of the Project: _____ Amount Requested: \$ _____

Owner Match: \$ _____ Total Project Cost: \$ _____ Anticipated Sweat Equity: _____

Signature, Business Representative

Signature, Prospective Landlord

Printed Name and Title

Printed Name and Title

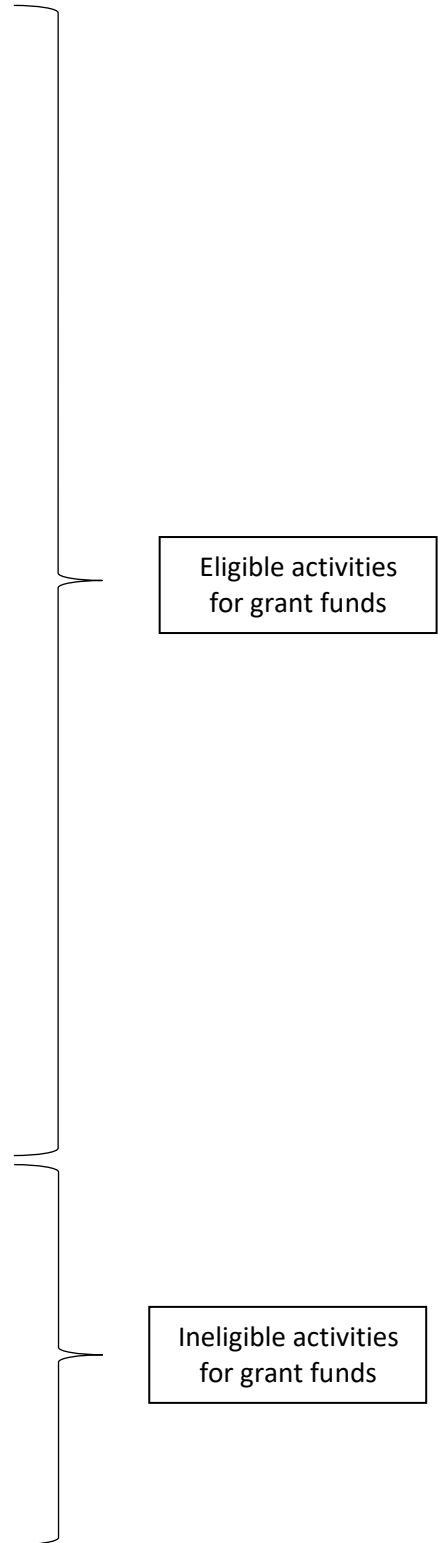
Date

Date

Outlay for real estate projects

Project Expenses:

	Architectural and Engineering Fees	\$ _____
<i>Notes:</i>	Construction Management Fees	\$ _____
	Selective Demolition	\$ _____
	Concrete	\$ _____
	Masonry	\$ _____
	Structural Steel	\$ _____
	General Trades	\$ _____
	Roofing	\$ _____
	Glass/Glazing	\$ _____
	Metal Studs/Drywall	\$ _____
	Flooring	\$ _____
	Painting	\$ _____
	Elevator	\$ _____
	Fire Suppression	\$ _____
	Plumbing	\$ _____
	HVAC	\$ _____
	Electrical	\$ _____
	Earthwork	\$ _____
	Landscaping	\$ _____
	Equipment	\$ _____
	Supplies	\$ _____
	Evaluation	\$ _____
	Building Acquisition	\$ _____
	Other (specify)	\$ _____
	Total project amount	\$ _____



Eligible activities for grant funds

Ineligible activities for grant funds

Outlay for business projects

Project Expenses:

Financial	\$ _____
<i>Notes:</i> _____	
Legal	\$ _____

Safety	\$ _____

Marketing	\$ _____

Branding	\$ _____

Supply chain	\$ _____

Operations	\$ _____

Regulatory	\$ _____

Sourcing	\$ _____

Accounting	\$ _____

Web design	\$ _____

Office space	\$ _____

Equipment and supplies	\$ _____

Inventory	\$ _____

Insurance	\$ _____

Licenses and permits	\$ _____

Other (specify)	\$ _____

Other (specify)	\$ _____

Car allowance/mileage	\$ _____

Phone/telecoms	\$ _____

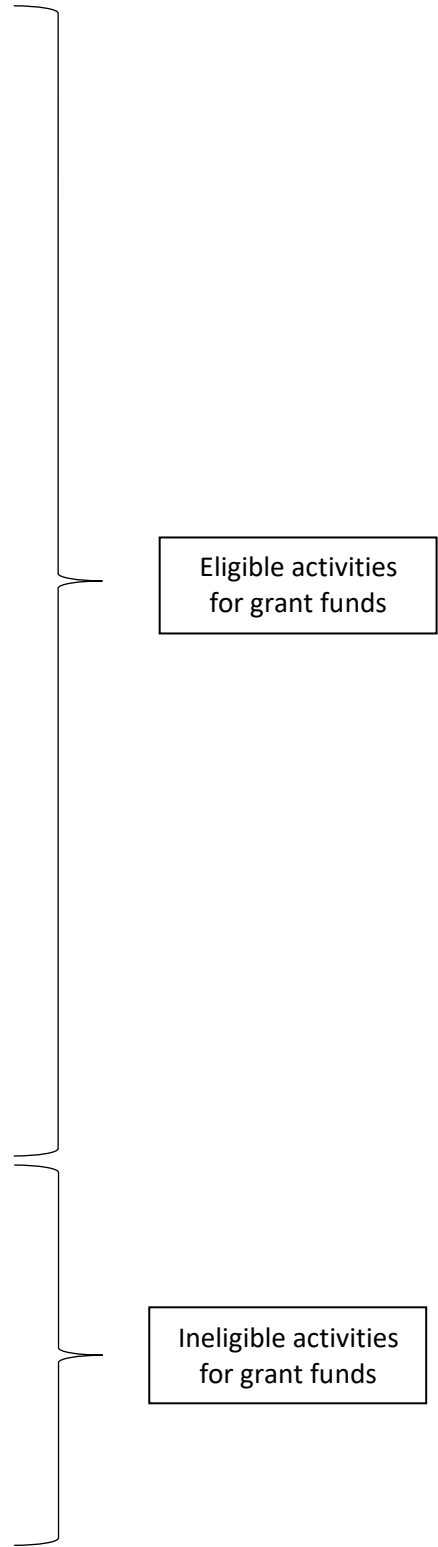
Utilities	\$ _____

Personal/owner wages	\$ _____

Expenses prior to application date	\$ _____

Other (specify)	\$ _____

Total project amount	\$ _____



Eligible activities for grant funds

Ineligible activities for grant funds

Administrative Information

Submission

- Applications will be ongoing until funds are fully committed
- Soft copies may be sent to washingtonheights@bcunlimited.org
- Hard copies (although not mandatory) may be mailed to:

Battle Creek Unlimited
ATTN: Washington Heights Entrepreneurial Fund
4950 W Dickman Road
Battle Creek, MI 49037

Assistance

General inquiries throughout the application process may be sent to washingtonheights@bcunlimited.org, or by calling (269) 962-7526.

Evaluation

Applications will be reviewed by the Washington Heights Entrepreneurial Fund selection committee, which includes members of the Washington Heights neighborhood.

For real estate projects, applicants must satisfy at least one of the following charitable categories:

- Historical preservation
- Permanent and/or temporary jobs for LMI individuals
- Minority- and women-owned businesses
- Affordable housing

Additional key evaluation criteria:

- General enhancements to Washington Heights
- Percentage of project devoted to fixed assets
- Amount of reduced vacancy and blight
- Options and considerations for LMI individuals
- Options and considerations for those who are Black, Hispanic and Burmese
- Ability to secure additional financing
- Contributions to new employment and wage growth
- Increased disposable income within Washington Heights
- Ability to attract consumers to Washington Heights
- Fulfillment of a specific goods/services gap in Washington Heights