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Vital funding for state's small businesses gains Michigan Strategic Fund support

Michigan Small Business Relief Program will provide up to \$20 million in grants and loans to Michigan's small businesses impacted by COVID-19 outbreak

LANSING, Mich. – Economic assistance for small businesses around Michigan that have been negatively impacted by the COVID-19 virus gained approval from the Michigan Strategic Fund, the Michigan Economic Development Corporation announced today.

“We understand small businesses across our state are facing unprecedented challenges as we take every step possible to mitigate the spread of coronavirus,” said Governor Gretchen Whitmer. “Through decisive actions like those taken today by the MSF Board to authorize relief for small businesses throughout Michigan, we are leveraging every resource available to support our businesses, communities and entrepreneurs around the state impacted by this outbreak.”

The [Michigan Small Business Relief Program](#) approved today authorizes the MEDC provide up to \$20 million in support for small businesses. The funding is divided between \$10 million in small business grants and \$10 million in small business loans to support businesses facing drastic reductions in cash flow and the continued support of their workforce.

[The \\$10 million in grant funding](#) will be provided to local or nonprofit economic development organizations throughout the state to provide grants up to \$10,000 each to support certain small businesses that have realized a significant financial hardship as a result of the COVID-19 virus.

In order to qualify for grant support, businesses must meet the following criteria:

- The company is in an industry outlined in [Executive Order 2020-9](#), or any subsequent Executive Order of similar intent (“EO”), or demonstrates it is otherwise affected by the COVID-19 outbreak, as well as meeting additional criteria;
- The company has 50 employees or fewer;
- The company needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business; and
- The company is able to demonstrate an income loss as a result of the EO, or the COVID-19 outbreak.

Additionally, the program will authorize the MEDC to provide up to [\\$10 million for small business loans](#) to one or more Community Development Financial Institutions (“CDFI”) or a licensed SBA not-for-profit institutions (“Eligible SBA Non-Profit”), or directly from the MSF to eligible borrowers to be used to provide low-interest loans with flexible repayment terms to support certain small businesses statewide that have realized a significant financial hardship as a result of the COVID-19 outbreak. Loans to eligible borrowers must be \$50,000 or more and are capped at \$200,000.

In order to qualify for loan support, businesses must meet the following criteria:

- The company is in an industry outlined in Executive Order 2020-9 (“EO”), or demonstrates it is otherwise affected by the COVID-19 outbreak, or is a company that provides goods and services to companies to the aforementioned;
- The company has fewer than 100 employees;

- The company needs working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business;
- The company can demonstrate that it is unable to access credit through alternative sources;
- The company can demonstrate an income loss of as a result of Executive Order 2020-9.

The MEDC anticipates that at least 1,100 businesses across the state will benefit from this program.

The Michigan Small Business Relief Program will be a top priority for the MEDC, with funds being available no later than April 1, 2020. Loan and grant proceeds under the Michigan Small Business Relief Program may be used for working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of business. Through this program, in combination with other programs and services, the state will ensure economic support is available to Michigan's small businesses to overcome anticipated loss of revenue as a result of the COVID-19 virus through both grant and loan opportunities.

"With the outbreak of COVID-19, many small businesses are faced with significant economic impacts, including challenges with cash flow and resources to support their workforce," said MEDC CEO Mark A. Burton. "The Michigan Small Business Relief program will provide immediate assistance to the small businesses around the state who are facing revenue loss as a result of tough, but necessary steps that have been taken to mitigate the spread of the virus."

The Michigan Small Business Relief Program is the latest effort of MEDC to support Michigan businesses as they are impacted by COVID-19. MEDC has [just launched](#) a new free, statewide [online procurement platform](#) for buyers and suppliers of critical health and human services across a broad range of categories to minimize the impact of the virus in the state. The platform will allow health and human service providers in need of critical supplies to connect with suppliers of vital goods and services.

It also builds Governor Whitmer's [application for a U.S. Small Business Administration Economic Injury Disaster Loan \(EIDL\) declaration](#) to ensure federal economic support is available to Michigan businesses. Earlier this month, Congress passed legislation making \$1 billion available to the SBA to provide low-interest loans to small businesses, small agricultural cooperatives and nonprofits that have suffered substantial economic losses due to the COVID-19 outbreak. These loans offer up to \$2 million in assistance to support businesses with any temporary loss of revenue they are experiencing due to the outbreak, and will have a significant regional impact for communities across the state as the COVID-19 situation evolves.

For more resources for small businesses in Michigan impacted by COVID-19 visit michiganbusiness.org/covid19.

The Michigan Strategic Fund also took the following actions today:

Red Cedar Development Project – The City of Lansing Brownfield Redevelopment Authority requested approval of a Brownfield Act 381 Work Plan including \$32,453,324 in school tax capture to support a development project on the former Red Cedar Golf Course site in the city of Lansing. As presented by the developers, the plan seeks to build a variety of pads to sell to related entities leaving some ambiguity as to the future development to occur on the site.

The MSF board today voted to deny the request because the development as proposed lacked details necessary to verify the financial need or the regional benefits, and the project generally does not comport with the state's economic development priorities. The board's action does not impact the local brownfield authority's ability to move forward with their partial financing of the project.

Lofts on Alabama LLC amendment – Originally approved in June 2015, the Lofts on Alabama project included

the demolition of an existing structure and rehabilitation of an existing building into market-rate apartments and a parking ramp in Grand Rapids. The project today received MSF approval to refinance from a loan participation agreement to a Fannie Mae senior loan and a new direct loan on the balance owed to the MSF. The new financing structure provides more advantageous terms, resulting in more monthly income to cover debt service payments.

About Michigan Economic Development Corporation (MEDC)

The Michigan Economic Development Corporation is the state's marketing arm and lead advocate for business development, job awareness and community development with the focus on growing Michigan's economy. For more information on the MEDC and our initiatives, visit www.MichiganBusiness.org. For Pure Michigan® tourism information, your trip begins at www.michigan.org. Join the conversation on: [Facebook](#), [Instagram](#), [LinkedIn](#), and [Twitter](#).

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