Downtown Development Authority of City of Madison Heights

Memorandum

Date: October 28, 2026

To: MHDDA Board

From: Giles Tucker, Community Development Director

Subject: New Downtown Business Grants

Since our last DDA meeting the Economic Vitality Committee has met twice to develop two new downtown business grants the DDA could offer its business community. These ideas were brought to the committee by Melissa on September 21st and refined by the committee on October 19th. The following is a brief overview of each of the grant programs. If adopted, I will create a Grant Agreement template we will use for these programs, and incorporate funding for the grants in the proposed 2027-2028 DDA Budget at our January Meeting.

"Refresh the Block" Renovation/Build Out Grant Program

The "Refresh the Block" Grant Program is intended to support significant customer-facing interior buildouts or renovations that materially improve a business. This grant will function much like our existing Façade Grant does but explicitly covers significant renovation or buildout costs to the inside of a storefront opposed to its exterior. The program is a 50/50 matching reimbursement grant for eligible activities up to $10,000. It is available for two scenarios, attracting and supporting new businesses to the DDA area or existing businesses that are making significant improvements or expansions to their storefront. Eligible Activities for the grant do not include things that are moveable like furniture, fixtures or equipment, instead they include pretty much anything that requires a permit.

One consideration for this grant we may need to address after we have some experience using the grant is whether minimum project investments should be required and whether $10,000 is a high enough match to attract desirable businesses. We may find that we have numerous low cost projects that aren't doing much to transform/update the interior of downtown storefronts, or that the program isn't quite enough to entice major transformational renovations.

"Open the Door" Rental Assistance Grant Program

The "Open the Door" Rental Assistance Program is intended to attract new customer-oriented businesses into the DDA District. The program is intended to reduce initial costs of opening a storefront, assisting property owners in filling vacancies or underutilized commercial spaces by offering a 50% reimbursement to the business of their rental payments for one year or 25% for two years. The program requires the tenant paying a landlord have a letter of intent with a determined rental rate for at least three (3) years. Funding priorities for this grant is supporting new businesses entering into long-time vacant spaces that generate foot traffic, add to the diversity of business offerings for the district and can demonstrate business experience and financial feasibility of their business.

Ineligible Businesses

Both Grant Guidelines include an Ineligible Businesses & Uses section that list business types we specifically do not want to fund using the grant. There wasn't a clear consensus on whether we should include this list from the committee, as some felt that are primary goal is to reduce vacancies, and that we should not exclude otherwise eligible uses. I have included an Ineligible Businesses & Uses because there are business uses that are controversial, aren't conducive to creating foot traffic or activity in the district or are uses that the DDA area already has many of. We may find that we are excluding otherwise good projects because of this portion of the Guidelines, but my recommendation is to leave it in so we incentivize businesses that add diversity of offerings and business uses conducive to a downtown environment.

Funding

The Committee suggested that $60,000 be used to fund each of these programs for a total of $120,000. If the DDA approves these new programs and seeks to fund them as recommended the next step would be to pursue a budget amendment from City Council.

Recommendations

Staff recommends the MHDDA Board approve these new grant programs and request a budget amendment from City Council for an additional $120,000 for the 2026-27 DDA budget.