



NEWS RELEASE

Finding Common Ground: A Community Economic Development Project

2023-11-20

Traverse City, Michigan is a rural community on the shores of lake Michigan. A city with a strong year-round recreation economy and a vibrant downtown filled with independent businesses. Many business owners have struggled to locate commercial space, as well as retain employees.

In 2018, a creative solution was brewing between Commonplace a 501c3 innovation hub, and the Certified B corporation Higher Ground Coffee. The result- Commongrounds Cooperative -- incorporated as a community owned real estate investment cooperative with a shared purpose of creating a space that will make their community even better.

The fledgling real estate development cooperative's project was the development a four-story mixed-use building connecting the local businesses, community non-profits, a local workforce, cultural events, and wellness opportunities. As of June 2023, the cooperative enjoys broad community support from just under 1,000 community owners.

The unique feature of this development is the cooperative membership owns the building and uses the space to serve the membership and the community. Membership is comprised of different classes (types) based on their use of the building: commercial tenant members, residential tenant members, and support members (community).

First and second floors of the building were designed to meet the needs of the commercial tenant members, and support members. The third and fourth floors are residential (permanent and temporary) spaces with priority given



to low- and moderate-income workers of local businesses.

As with any development equity was required to start the process. Equity was then leveraged using complimentary programs to complete the project. The site was eligible for Brownfield tax credit and grant funds, PACE (**Property Assessed Clean Energy funds through U.S. DoE**) helped fund energy upgrades resulting in a LEED Certifiable building , Michigan State housing tax credits to support low-to-moderate income housing and the final piece of the project was bank financing. Coastal States Bank (SC) provided an \$8 million term loan, using **USDA Rural Development's Business and Industry Loan Guarantee** program. Using the B&I program allowed the lender to extend the term of the loan to 30 years at an initial rate of 5.5 percent. Groundbreaking and construction began in August 2020. In the interim the membership continued to grow, and annuals meetings were held.

On June 23rd of this year, Commongrounds Cooperative held its third annual meeting to coincide with the Building Grand Opening ribbon cutting and reception to celebrate the hard work that went into the development of the cooperative and the space.

The cooperative business model provided a unique way for this community to address needs. Through the cooperative model the community created jobs, affordable housing, local wealth, and increasing capacity of the community to assist in their own development decreased reliance on outside investment.

For more information on how USDA programs can help your community reach out to find your **State Office contact**.

Special thank you to the Michigan staff for assistance with the article.

Pictures from Commongrounds Cooperative's Website

Date of Obligation

Fri, 05/29/2020 - 16:05