

## **Vermont Housing & Conservation Board**

### **Land Bank Loan Fund Policy and Procedures**

#### **Purpose**

The Vermont Housing & Conservation Board has created a Land Bank Loan Fund in order to provide deferred loans to facilitate the acquisition of important pieces of land in downtowns, village centers, and other “smart growth” locations in a timely manner. According to the principles adopted by Smart Growth America, a smart growth location is defined as a walkable neighborhood with development directed towards existing communities with a variety of transportation choices and a mixture of land uses. The fund is meant to provide patient capital to applicants eligible for VHCB funding so that they can purchase land in key locations for future affordable housing development. The funds are to be repaid when the properties are ready to be developed and the development receives funding from other sources.

#### **Criteria**

- 1) Recipients must be VHCB eligible applicants (i.e. non-profits or municipalities).
- 2) Funds will be used for the acquisition of raw land and related costs.
- 3) The purpose of the fund is to preserve opportunities for affordable housing development in situations where opportunities may be lost if sites are not acquired before a detailed development plan is created.
- 4) Priority will be given to properties in downtown neighborhoods and other “smart growth” locations.
- 5) Priority will be given to applicants that can demonstrate strong local support.

#### **Loan Terms**

Awards will be in the form of deferred loans with an annual interest rate of 2% to be paid back at the construction loan closing when the project has received all its funding commitments, or 8 years from the date of the loan agreement, whichever comes first.

#### **Application and Award Procedures**

Applications may be in the form of a letter describing the parcel and the intended use as well as how the application meets the criteria outlined above. The application shall include the following attachments: (1) evidence of site control (an option agreement that includes HUD’s environmental review condition must be used unless the environmental review process is complete), (2) a site plan, (3) an appraisal or other evidence of value that supports the acquisition price, and (4) a sources by uses acquisition budget.

Applications will be reviewed and approved by VHCB staff, upon consultation with the board chair, based on the criteria outlined above. Once an application is approved, a preliminary award letter will be sent to the developer outlining conditions that must be met prior to receiving a loan agreement (such as evidence of compliance with applicable federal rules, including but not limited to HUD’s Environmental Review regulations and the Uniform Relocation and Real

Estate Acquisition Policies Act, until such time as the federal requirements expire on December 26, 2015). Once the conditions of the preliminary award letter are met, staff will send out the loan agreement for execution.

Staff has the flexibility to consider special circumstances in making awards from the Loan Fund and setting terms and conditions.