

# STATE LAND BANK HOUSING DEVELOPMENT LOAN PROGRAM

Local units of government and other public organizations in Michigan can get help developing property with support from the State Land Bank Housing Development Loan program. These short-term loans provide local units of government and other public organizations with the capital to conduct redevelopment activities with the intention to sell the property after development.

State Land Bank Housing Development Loans are available for land bank authorities, local units of government and other public organizations in the state of Michigan.

## Award Schedule

Loan requests will be reviewed as submitted and, if approved, funding will be awarded after the execution of a loan agreement with the State Land Bank.

## Repayment Schedule

State Land Bank Housing Development Loans will be repaid with a lump-sum payment in accordance with the loan agreement schedule. Loans are intended to be repaid within 12 months or immediately following property disposition from the borrower.

## Loan Rates

State Land Bank Housing Development Loans must be awarded with the repayment of five percent interest. If agreed upon in the loan agreement with a local land bank, the State Land Bank may lower the interest rate to three percent if they receive the 5/50 payment. The State Land Bank will charge additional interest for loans not repaid within 12 months, unless otherwise established in the loan agreement.

## Loan Fees

The State Land Bank will not charge any fees associated with the Land Bank Housing Development Loan Program.

## How to Apply

Any local unit of government or other public organization seeking funds from the loan program can begin the application process to receive available funding. The application can be found on the State Land Bank's website at [Michigan.gov/LandBank](http://Michigan.gov/LandBank).

Submit a Letter of Interest by email to [LandBank@Michigan.gov](mailto:LandBank@Michigan.gov).

### 5 percent interest rate (Local Land Bank keeps 5/50)

Loan Amount	Repayment*
\$100,000	\$105,000
\$150,000	\$157,000
\$200,000	\$210,000

### 3 percent interest rate (MLB receives 5/50)

Loan Amount	Repayment*
\$100,000	\$103,000
\$150,000	\$154,500
\$200,000	\$206,000

\*Due on or before 12 months

## Sample Loan Transaction Scenario



Local land bank has vacant land in inventory and wants to introduce new housing to the community. The land bank has demonstrated market demand but does not have initial funds for construction, they apply for a \$200,000 State Land Bank Housing Development Loan on Jan. 1. The State Land Bank reviews and approves loan. State Land Bank Housing Development Loan agreement is executed on Feb. 1 and \$200,000 is delivered to local land bank from the State Land Bank Authority Fund.

The local land bank can use the funds for site prep, necessary permitting, construction and any other related costs. Loan repayment of \$210,000 is due on Feb. 1 the following year, or immediately following the sale of the redeveloped property.

