

# STATE LAND BANK HOUSING DEVELOPMENT LOAN PROGRAM

Local units of government and other qualified housing developers in Michigan can get help developing residential property with support from the State Land Bank Housing Development Loan program. These short-term loans provide local units of government and qualified housing developers with the capital to conduct residential 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, qualified housing developers 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 a satisfactory due diligence process and 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 if earlier, 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 the borrower, the State Land Bank may lower the interest rate to three percent if the State Land Bank receives 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 land bank authority, local unit of government, qualified housing developers or other public organization seeking funds from the State Land Bank Housing Development 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).

## Sample Loan Transaction Scenario



Borrower has vacant land in its inventory and wants to introduce new housing to the community. The borrower 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 borrower from the State Land Bank.

The borrower 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.

### 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 (SLB receives 5/50)

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



\*Due on or before 12 months