



AREA OF OPPORTUNITY LAND BANK LOAN PROGRAM 2024 Guidelines

PROGRAM PURPOSE

The purpose of the Area of Opportunity Land Bank Loan (“AO Land Bank”) program is to help facilitate the creation of affordable rental housing in high-opportunity areas.

ELIGIBLE APPLICANTS and SUBMISSION DEADLINES

- Low Income Housing Tax Credit (LIHTC) experienced developers who have site control of a parcel in an Area of Opportunity and meet ***all*** the following requirements:
 - Submitted a competitive, threshold-compliant, financially feasible LIHTC application for said parcel but was not successful in receiving a LIHTC preliminary allocation in the most recent allocation round; and
 - Site control option that expires within 90 days of loan application.
- Applications will be accepted on a rolling basis as long as funds are available.

AVAILABLE FUNDING and ELIGIBLE ACTIVITIES

- DSHA **set-aside \$5,000,000** (subject to availability) in funding for the AO Land Bank program. Funding for this program will be from the Housing Development Fund (HDF).
- Eligible Activities: Purchase of parcel located in an Area of Opportunity.
 - Developer must have site control that will expire within 90-days of loan application.
 - Developer cannot already own the parcel.
 - The entire parcel must be located in an Area of Opportunity.

LOAN TERMS

- Maximum Loan Amount: \$1,500,000
- Interest rate: 1%
- Loan term: Maximum 3-year term. Loan must be repaid upon the earlier of 3 years or LIHTC construction loan closing
- Repayment Terms: Quarterly interest-only payments until loan is repaid in full

FUNDING RESTRICTIONS and CONDITIONS

Funding restrictions and conditions other than those listed below may apply if and when funding is awarded and will be outlined in the Loan Agreement and Note.

GENERAL

- Projects must be financially feasible and Applicant must have financial capacity to meet its operating expenses and to provide for unforeseen occurrences of its entity.
- Applicants must be in good standing with DSHA and will be considered ineligible to apply if they have failed to satisfactorily fulfill obligations as required under previously funded DSHA projects.
- Applicant must have desire to provide housing for persons of low and moderate income and continue involvement with the project throughout the term of the mortgage loan.
- DSHA AO Land Bank Loans will be available to eligible Applicants to secure parcels of land in DSHA-designated Areas of Opportunity as defined in the applicable QAP for the qualifying LIHTC application submission. The entire parcel must be located in an Area of Opportunity.
- Applicant must have experience in affordable housing programs that serve low- and moderate-income households as defined by the QAP.
- Applicant must submit a threshold compliant LIHTC application as defined in the QAP to be eligible to apply under the AO Land Bank. Applications to the AO Land Bank must occur within the same calendar year as the initial eligible LIHTC application. DSHA, in its sole discretion, reserves the right to waive the QAP threshold requirement for the Development Team maximum active project limit when considering an application to the AO Land Bank Program, but preference will be given to applicants that meet all stated eligibility requirements.
- Qualified Applicant will receive no more than \$1,500,000 in a single land bank loan which will be repayable in 3 years. Loans will carry a 1% interest rate with interest only payments due quarterly.
- Applicants are limited to one outstanding land bank loan.
- Applications must be complete and include all required and applicable exhibits at the time of submission. *DSHA reserves the right to eliminate from consideration any application deemed incomplete at time of submission.*
- In accordance with Title 31, Chapter 40, Subchapter III, DSHA will notify the local government's Chief Executive Officer, State Senator, and State Representative upon receipt of the application.
- Per the Delaware Council on Housing Resolution 398, adopted on December 9, 2009, all HDF recipients are encouraged to partner with minority-, veteran-, and women-owned businesses by coordinating with the State of Delaware's Office of Supplier Diversity to maximize the number of minority-, veteran-, and women-owned businesses participating in projects or programs funded by the HDF, when applicable.

- Applicants agree to affirmatively further fair housing and comply with the provisions of all applicable federal, state and local laws prohibiting discrimination including, but not limited to, Title VI of the Civil Rights Act of 1964 as amended.
- Applicant and management staff must provide Fair Housing training for staff every two (2) years. Verification of such training will be reviewed by DSHA staff as part of our periodic site review.

APPLICATION PROCESS

- The application is comprised of a project narrative (described below) and required exhibits. Exhibit requirements may be found at the end of this document.
- Program guidelines and exhibit checklist may be accessed online at <https://www.destatehousing.com/build/lihtc/>.
- Please refer to the Application Exhibit Checklist, found at the end of this document, for exhibit information and requirements.
- Please make sure all required application materials are submitted. **Incomplete applications will be considered ineligible for funding.**
- **Both a paper copy and an electronic copy** of the application exhibits must be submitted to DSHA upon application.

- **Instructions for Paper Copy Submission**

Paper submission must be bound in a three-ring binder that includes a table of contents, appropriately labeled tabbed dividers and includes the following documentation:

1. A project narrative including:
 - a. The amount of the loan request;
 - b. A timeline to resubmit for an LIHTC allocation and any predevelopment work that will be pursued in the interim;
2. A copy of each exhibit with a labeled cover sheet. Exhibits must be indexed (tabbed dividers) and in numerical order. If an exhibit is not applicable, please label the exhibit cover sheet “not applicable”. A fillable form for cover sheets may be found at <https://www.destatehousing.com/build/lihtc/>.

- **Instructions for Electronic Submission**

Electronic submission must be on a USB flash drive **and** must accompany the paper copy submission with:

1. A PDF copy of the project narrative;
2. Excel copy of the LIHTC Pro Forma (part II);
3. Individual PDF copies of all applicable exhibits. Create a separate file for each exhibit and label it with the exhibit number and exhibit name (i.e. Exhibit 3-Applicant Experience).

- **Submission Locations**

Proposals may be submitted in person to DSHA’s Dover or Wilmington offices:

Dover Location

18 The Green
Dover, DE 19901

Wilmington Location

Carvel State Office Bldg.
820 N. French St., 10th Floor
Wilmington, DE 19801

- DSHA will review and evaluate all completed applications for conformity to DSHA's guidelines and underwriting procedures. Applications will be accepted as long as funds are available. Please check with DSHA on fund availability before submitting an application package.
- All applications recommended for funding will be presented to the Director of DSHA for recommendation and consideration for approval.
- DSHA's Director can approve or disapprove the loan request. If approved, a Loan Agreement and Note will be executed.
- Assuming funding is approved, applicant may draw HDF funds at time of settlement on the parcel.
- Project must be awarded a preliminary allocation of LIHTC within 3 years. Applicant must meet all requirements of Section 42 and DSHA.

APPLICATION NOTIFICATIONS

- All applications will be subject to threshold requirements and financial capacity and feasibility. Submission acceptance of the application by DSHA does not constitute approval for funding.
- DSHA may reject any application should information become available that conflicts with information submitted with the application or if DSHA becomes aware of an organization's financial instability. Funding conditions will be established at DSHA's sole discretion.
- DSHA reserves the right to increase or decrease an applicant's funding request.
- Applicants receiving DSHA funding will be subject to monitoring and/or site visits which may include an on-site audit to determine if HDF loan funds were used in accordance with the executed loan agreement.

CONTACT FOR PROGRAM QUESTIONS and APPLICATION ASSISTANCE

Stephanie Griffin, Director of Housing Development
 Delaware State Housing Authority
 18 The Green
 Dover, DE 19901
 Phone: (302) 739-4263
 E-mail: Stephanie.Griffin@delaware.gov