

## New Construction Revolving Loan Fund

The New Construction Revolving Loan Fund (NC RLF) is a planned collaboration between the Portage County Land Reutilization Corporation (PCLRC) and the private sector that will leverage the PCLRC's current and future inventory of vacant land and currently available funding to promote investment and redevelopment of under-utilized property throughout Portage County. The RLF program will provide the necessary land and short-term financing for new housing construction projects that upon completion, will be sold on the open market. The program furthers the mission of the PCLRC by encouraging the redevelopment of formerly abandoned or tax delinquent property by providing the financing needed to construct and market new single-family housing, which will result in increased real property investment on formerly vacant properties, elevate the property values of existing properties in the surrounding area, and expand homeownership opportunities throughout the County.

- **Site selection**
  - PCLRC owned property
  - Infill housing = developed area (most likely available connection to sanitary sewer and houses on each side)
- **Impact on property values**
  - Success quantified by the amount of new real property value generated and real property valuation increase for the surrounding properties
- **Homeownership opportunity**
  - Target sales price point to be affordable for households with income of up to 120% of area median income (low-, moderate- or middle income; also known as "workforce housing")
- **Incentive to participate**
  - PCLRC shares the builder's risk and incentivizes new construction by deferring a portion of the cost of the land and repayment of a below market interest rate construction loan until the property is sold

### **Operation – New Construction Revolving Loan Fund**

- Operate a standalone revolving loan fund that maintains a balance in the account to be able to undertake up to two projects at a time and within FDIC limits. The account is to be used for the sole purpose of issuing payments of construction draws for permitted work in place and to receive re-payment upon a project's completion
- When suitable properties are available in the Land Bank's inventory a Request for Qualifications (RFQ) can be issued for builder(s)/general contractor(s) to participate which would outline the program terms, identify several PCLRC-owned parcels to select from, and set basic house size and amenity requirements
- Select builder(s)/general contractor(s), enter into a purchase/loan agreement(s), and transfer the vacant land according to the below terms:
  - Vacant Land Purchase Terms
    - Appraised value (third-party appraiser): 50% paid upon loan closing and 50% paid upon sale of the property, or 16 months; whichever is first
  - Construction Loan Terms
    - Interest rate: WSJ prime minus 1% (currently 2.25%)
    - Fees/closing costs: None
    - Amount: Up to 75% of post-construction appraised value (third-party appraiser)
    - Term: loan re-paid upon sale of the property, or 16 months; whichever is first