



LAND ACQUISITION FOR AFFORDABLE NEW DEVELOPMENT (LAAND) INITIATIVE DESCRIPTION

OVERVIEW

The Land Acquisition for Affordable new Development (LAAND) Initiatives provides loan financing to assist communities in meeting their affordable housing needs by taking advantage of current land prices to purchase land to be held for future affordable housing development. The objectives of the LAAND Initiative support and are consistent with the objectives of the Corridors of Opportunity Initiative.

FUNDING

Funding for the LAAND Initiative is provided through resources under Minnesota Housing's Single Family and Multifamily RFP.

ELIGIBLE APPLICANTS

- a nonprofit organization,
- a city, a joint powers board established by two or more cities that owns or will own the housing,
- a public housing agency that owns or will own the housing,
- an Indian tribe or tribal housing corporation that owns or will own the housing, a private developer.

ELIGIBLE AND INELIGIBLE USES

The LAAND Initiative is intended to help defray land costs and hold property for affordable housing development.

Eligible Uses:

- Land acquisition
- Costs related to acquisition and holding – these include appraisals, environmental site assessments, taxes, insurance and site maintenance (i.e., snow removal, grass cutting, pest control, etc.).

Ineligible Uses:

- Refinancing the subject property
- Reducing land or financing costs for development in progress
- Other pre-development costs such as platting, interest, demolition or soil correction
- Holding costs paid by the recipient that are greater than five percent of the loan award.

Other Requirements:

- If an executed purchase agreement or option exists, it must have been executed less than 12 months prior to the LAAND application.
- No further formal steps to acquire the property may have been taken.

FUNDING REQUIREMENTS

LAAND funds can only be used to acquire sites for affordable housing that are consistent with the community's future affordable housing needs and the stated strategic growth goals. Land costs in the area of the proposed project must be an impediment to affordable housing development.

Location of the land to be acquired must be consistent with the following strategic growth concepts:

- a) Capital improvements (infrastructure) must be programmed to coincide with the development of the site,
- b) Adjacent land must also be planned for development prior to 2020, including land guided for commercial development,
- c) Housing developed on the acquired land must meet the current Green Communities criteria, Minnesota Overlay, and
- d) Affordable housing must facilitate economic integration either within the planned development on the site purchased with the loan, or in the broader community.
- e) **Seven-County Metropolitan Area only:** The land is within the Metropolitan Urban Services Area (MUSA) line or in the next staging area for MUSA expansion or an area of local wastewater service expansion prior to 2020 as reflected in the community's comprehensive plan.

Projects constructed on land acquired through the loan program shall have a minimum of 20 percent of housing units developed for affordable units. Units shall be affordable to households earning 60 percent of area median income (AMI) in the Metro area and 80 percent of AMI in Greater Minnesota.

A seven (7) year minimum period of affordability is required for homeownership units. The affordability term for rental housing projects will be a minimum of fifteen (15) year affordability. Highest priority will be given to applicants who require the longest term of affordability of the units.

FUNDING PRIORITIES

Development sites meeting one or more of the following priorities will be given greater consideration for funding:

- Financial or in-kind contributions have been contributed by local unit of government, employer, or philanthropic entity that improves the affordability of the housing to be developed.
- Sites that promote economically integrated proposals that demonstrate community economic integration by locating the proposed housing in a high income census tract.
- Sites proximate to jobs and/or employment centers.
- Sites that minimize transportation costs and promote access to transit within the seven county metropolitan area and in Greater Minnesota.

Specific to the 7 county metropolitan area:

- Located within a one half mile-of a planned for existing LRT, BRT, or commuter rail station with locations finalized; or
- Located within one quarter mile of a high service public transportation fixed route stop; or
- Located within one half mile of an express bus route stop; or
- Located within one half mile of a park and ride lot; or
- Located within a Transit Improvement Area (TIA) designation by the Minnesota Department of Employment and Economic Development (DEED).

Specific to Greater Minnesota:

- Located within ½ mile of a public transportation fixed route stop (including express bus stop and park and ride stations); or
- Located within a Transit Improvement Area; or
- The proposed housing is within a census tract that is within 5 miles of 2,000 low and moderate wage jobs (Map 1 shows the Greater Minnesota census tracts that are within 5 miles 2,000 low and moderate wage jobs); and meets either item a or b below:
 - a) The proposed housing is within 1 mile of at least four different types of facilities. The facility types include: supermarket/ convenience store, public school, library, licensed child care center, usable park space/dedicated walking or biking trails, bank, medical or dental office, post office, laundry/dry cleaner, pharmacy, place of worship, community or civic center that is accessible to residents, arts or entertainment center, police station, fire station, fitness center/gym, restaurant, neighborhood-serving retail, office building/employment center,
 - b) The proposed housing has access to regular demand-response dial-a-ride¹ transportation service Monday through Friday during standard workday hours (6:30AM to 7:00 PM). Applicants must provide documentation of access and availability of service and describe how the service is a viable transit alternative that could be used for transportation to work, school, shopping, services and appointments.

LOAN AND REPAYMENT TERMS

Land must be purchased within two years of the LAAND funding commitment. Development of the land for affordable housing may not commence within one year of execution of the loan agreement, but must commence within five years of execution of the loan agreement. A Phase I Environmental Site Assessment will be required before the loan is disbursed to purchase the land.

Repayment of the appraised value of the site is required at the time of sale of the land. An initial appraisal must be completed prior to distribution of LAAND initiative funds. In addition, an appraisal must be completed prior to construction and take into consideration the value of the land, based on the land being planned and zoned for the contemplated development.

If the value of the land has appreciated since the original purchase with LAAND initiative funds, the proceeds from the sale of the land shall be distributed in sequence as follows:

1. the principal amount of the loan shall be repaid to the funders,
2. a portion of the appreciated value equal to the portion of the total units in the development that are attributable to affordable units shall be retained by the developer,
3. if available, appreciation shall be repaid to the funders.

If the value of the land at the time of sale has depreciated since the loan was issued and the land was acquired, the loan amount or the appraised value at the time of sale, whichever is less, must be repaid to the funders. Any deficiency in the loan will be forgiven.

If the land is not developed within the required time frame, or the required number of affordable units is not developed, the recipient of the loan must repay the loan plus all appreciation in value.

¹ MN DOT defines dial-a-ride as: A demand-responsive service in which the vehicle is requested by telephone and vehicle routing is determined as requests are received. Origin-to-destination service with some intermediate stops is offered. Dial-A-Ride is a version of the taxicab using larger vehicles for short-to-medium-distance trips in lower-density subregions.

APPLICATION AND EVALUATION PROCESS

LAAND applications will be accepted through the Single Family Request for Proposal process for both Single and/or Multifamily projects. See the current Single Family RFP Consolidated Application Guide and Instructions and LAAND application found on [Minnesota Housing's Impact Fund webpage](#).

All LAAND applications will be evaluated by a subcommittee. Applications must meet scoring threshold criteria relevant to project feasibility and organizational capacity, in addition to LAAND funding priorities.

REPORTING REQUIREMENTS AND OTHER CONSIDERATIONS

The applicant must submit updated plans three years from the date of the Agreement that describes the number of units anticipated for the site and verify that all comprehensive plans, zoning, or other regulatory changes have been or will be implemented in preparation for development.

Other considerations:

- As long as the awardee owns the property, the awardee will be responsible for the property and all holding costs associated with the Property until the Property is sold for development.
- LAAND Agreements are not assignable, and awardees cannot re-lend LAAND funds to another party.
- Minnesota Housing will take a security interest in the Property acquired.
- LAAND funds cannot be used to supplement other funding already available for the Property.