



## **Pre-development Seed Funding GUIDELINES**

### **Purpose**

The purpose of this funding is to allow housing organizations to move quickly to determine new project feasibility and next steps. This fund is set up as a revolving loan fund that would be repaid when the project receives pre-development or permanent financing from other sources. This will allow LC-CHO to have this funding available for additional projects over time. If a project is determined to be infeasible after this funding is spent to determine feasibility, the loan will be forgiven.

### **Eligible Organizations**

Non-profit organizations or housing authorities serving one or more municipalities in Litchfield County are eligible to apply for LC-CHO pre-development seed funding.

### **Eligible Projects**

Eligible organizations may apply to cover costs associated with affordable housing projects that primarily benefit low and moderate income families and individuals.

### **Use of Funds**

Funds may be used to pay for initial predevelopment costs, including feasibility studies; site control (costs associated with an option to purchase); architectural and engineering services; legal services; development consultant services; the costs of survey, environmental testing and appraisals, and other pre-development needs as determined eligible by the application review committee. Costs not to exceed \$75,000 per project will be eligible, however we expect most requests not to exceed \$30,000. We will seek to fund the initial pre-development costs for no less than 8 and up to 15 projects before June 30, 2025.

### **Security and Interest rate**

These loans will be unsecured. A Promissory Note will be signed that will detail the terms of loan forgiveness or repayment. Loan repayment will be due at the closing of pre-development or construction financing. These will be 0% interest loans.

### **Applications**

Applications can be submitted at any time by eligible applicants and will be accepted until all the funds are spent down. The application will request information about the organization, proposed project, and proposed budget for the use of funds. Applications will be reviewed by a review committee of four with one representative from CHO, Partnership for Strong Communities, LISC, the Regional Housing Council. Applications will be reviewed with the following questions in mind:

- Are the proposed budget and tasks reasonable to get the project ready to apply for pre-development or construction funding?
- Is there a reasonable chance that this project could move forward? What is the status of site control?
- Have we already provided seed funding to this organization? Are there other funds available for these activities?