



The Vermont Bond Bank (“Bond Bank”) is now accepting applications for the pilot round of the newly created **Housing Infrastructure Loan Program** in partnership with the State of Vermont. The purpose of the Program is to support new housing unit creation by lowering the cost to expand or develop municipally owned and operated water, wastewater, and mobility / transportation infrastructure.

The Bond Bank will initially award a loan to pilot the program with closing to occur within 6 months after a March 2026 award. Open rounds will begin in the second quarter of 2026 and continue quarterly thereafter.

### **Purpose and Requirements**

The purpose of the program is to provide low-cost and flexible capital for municipalities to extend and increase the capacity of water, sewer, transportation, and other public infrastructure where a lack of capacity or extension is a barrier to new housing development.

This loan program is expected to help finance projects associated with existing and pending tax increment finance community and housing infrastructure program approvals, as well as other municipally sponsored infrastructure initiatives that will further housing production in Vermont.

### **Application Process**

Contact Vermont Bond Bank loan officer, [Ken Linge](#), to express interest. Potential borrowers will be invited to apply following a preliminary review of the proposed project.

### **Loan Terms**

The following describes the terms of loans under the program that may be combined with other Bond Bank programs.

<b>Terms and Conditions (Subject to Change)</b>	
<b>Amount</b>	Up to \$3.5 million (Bond Bank retains all rights to determine amounts) at below terms; may be combined with other Bond Bank programs for a larger overall loan amount
<b>Eligible Borrowers</b>	Governmental units including: cities, towns, villages, and various districts
<b>Commitment Term</b>	Loan commitment for up to six months following award
<b>Term</b>	Up to 30 years
<b>Interest Rate*</b>	20 years = 2.75% 30 years = 3.50%
<b>Closing Costs</b>	\$2,000 for funded construction accounts (vs BAN payoff)
<b>Payment Dates</b>	Semi-annual interest payments; annual principal payments
<b>Prepayment</b>	At any time with no penalty
<b>Requisition of Funds</b>	Contractor and borrower certified requisitions
<b>Security</b>	General obligation or revenue pledge

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<b>Terms and Conditions (Subject to Change)</b>	
<b>Legal</b>	Local bond counsel opinion
<b>Permitting</b> / <b>Environmental</b>	Evidence of all local permitting and approvals for both the infrastructure project and related direct housing units
<b>Covenants</b>	<ul style="list-style-type: none"> <li>▪ Quarterly reporting on the performance of the project through completion of the linked housing development</li> <li>▪ Annual submission of a financial report from the borrower</li> <li>▪ Notice of a material negative financial events</li> </ul>
* Evaluated monthly based on underlying market conditions	

## Eligible Uses

<b>Eligible Uses of Funds</b>	<b>Eligible Infrastructure Types</b>
<ul style="list-style-type: none"> <li>- Preliminary engineering and planning;</li> <li>- Engineering design and bid specifications;</li> <li>- Construction of improvements</li> <li>- Purchase / conveyance of eligible improvements</li> </ul>	<ul style="list-style-type: none"> <li>- Improvements to municipally owned water and wastewater system</li> <li>- Municipally owned mobility and transportation investments, including complete streets (19 VSA § 2401), transit-related improvements, and improvements required by municipal regulations, official maps, or designation standards</li> <li>- Other activities reviewed on a case by case basis in coordination with the State of Vermont</li> </ul>

## Application Requirements

In addition to financial underwriting, the applicant must:

- demonstrate how the financing will result in the creation of new housing units – both directly and indirectly;
- describe the timing of the construction and/or conveyance to the municipality; and,
- expected phasing of the related housing.



## Evaluation

Projects must receive an evaluation score of six (6) or more to be considered (subject to credit review). Applications will be accepted quarterly, with approved loan commitments expiring six (6) months from the date of approval.

	<b>Evaluation Category</b>	<b>Evaluation Type</b>	<b>Description</b>
1	Direct connection to proposed or in-progress housing development with demonstrable progress toward regional housing targets	Binary; Tie breaker	Infrastructure cost per unit (with indirect units counted at 50%) will be used to compare competing applications with preference for lower costs per unit
2	Expansion of existing infrastructure systems	Binary	Added capacity to existing systems will be prioritized
3	Proximity to designated centers and growth areas	Scored from 1 to 3	Tier 1 growth area = 3, Transition or Infill = 2, Other Tier II = 1
4	Project readiness and timing of financing needs	Scored from 1 to 3	Vertical construction < 1 year from closing = 3; 1 to 2 years = 2; other = 1 (loan must close within 6 months)
5	Availability of financing for project completion or phased components	Binary	Evidence of housing project feasibility and financing commitments
6	Relative housing need of the community based on State housing targets	Tie Breaker	Loan allocations per RPC will be monitored in aggregate; category will be used comparatively to evaluate
7	Vermont Community Index (VCI) Score	Tie Breaker	Category will be used comparatively with lower capacity applicants preferred all else equal



Vermont  
Bond Bank

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