

**Middle Peninsula Planning District Commission
Living Shoreline Incentive Funding Program
Virginia Revolving Loan Fund Program Design
And Guidelines – March 1, 2017**

OVERVIEW

The Program Design and Guidelines for the Middle Peninsula Living Shoreline Incentive Funding Program (LSIP) will delineate marketing strategies, loan application and review process, environmental review, funds management and administration, and loan agreements with property owners.

This program will provide incentives in the form of funding and insurance for homeowners to install living shorelines in lieu of shore hardening approaches for shoreline stabilization on private property.

I. Marketing Strategy

- A.** Geographic Area of Program: The Program will be available to homeowners of property located in the Middle Peninsula Planning District of Virginia. The localities of the Middle Peninsula are the counties of Essex, Gloucester, King and Queen, King William, Mathews, and Middlesex; and the towns of Tappahannock, Urbanna, and West Point.
- B.** Solicitation of Applications: Loan applications will be sought through the following means:
 - 1. Referrals from private sector contractors and engineers.
 - 2. Referrals from Local Governments or other agencies.
 - 3. News releases, Public Information Notices-Newspapers, fliers at public locations, educational displays at Captain Sinclair Landing
- C.** Income Guideline -Participation will be based on the household income and ability to pay. Grant/Loan awards, if available will be based on the program requirements of the source of the funds, if any.
- D.** Terms of Loan:

All loans over \$3,000 will be secured with a deed of trust granted to the Middle Peninsula Planning District Commission. The owner of the property must agree that, if the property is sold, transferred, or otherwise conveyed voluntarily, when the owner is living, , any

outstanding principal amount must be paid back to the Middle Peninsula Planning District Commission.

- E.** All beneficiaries must make monthly loan payments by automated clearing house debit from a valid checking or savings account.

- F.**
 - 1. Interest and principal payments will commence as soon as funds are released. Final payment to owner or contractor will not be released until review by VMRC or local wetlands board staff to ensure the project has been completed consistent with the terms and conditions of the VMRC or wetlands permit.
 - 2. Loan interest rates will be at the WSJ Prime Rate as published at <http://www.bankrate.com/rates/interest-rates/wall-street-prime-rate.aspx>
 - 3. Low income homeowners may be offered lower interest rates based on household income.

- G.** Loans shall be amortized by monthly installment payments.

- H.** Loan term:
 - 1. Loans of \$10,000 or less will be financed for up to 60 months.
 - 2. Loans over \$10,000 to \$35,000 will have the option of financing for up to 120 months.
 - 3. Loans over \$35,000 will have the option of financing for up to 180 months, with approval from VRA.

- I.** Property transfer criteria: Balance of the principal of the loan shall be due and payable to The Middle Peninsula Planning District Commission upon sale or transfer of the property.

- J.** Identification of Prior Existing Debt:
 - 1. No subordination of loan shall be done for equity mortgage requests by beneficiary.
 - 2. Applications found to carry a delinquent or defaulted first mortgage shall be ineligible for assistance. Applicants whose property is financed must carry a current first mortgage in good standing. This mortgage must have been current for at least the 12-month period prior to application or since inception of mortgage if in existence less than 12 months.

- K.** Size of Loan: Loans shall not be less than \$1,000.

- L.** Fees and Service Charges:

1. Application Fee-\$40 required at time of application.
 2. Administrative Fee – To be determined based on cost of necessary documentation and closing costs. May be amortized with loan funds.
 3. Late Fee-5% charged on unpaid payment due applies when 7 days past due date of payment.
- M.** Security: Individual property owners receiving loans will sign a promissory note for the term of the loan. Loans over \$3,000 are to be secured by a Deed of Trust.
- N.** Scope of Work: The Middle Peninsula Planning District Commission Living Shoreline Incentive and Funding Program will consider financing any project not prohibited by any local ordinance and approved by VMRC or the applicable local wetlands board that satisfies the definition of a living shoreline consistent with § 28.2-104.1 of the Code of Virginia. That definition states: *“Living shoreline” means a shoreline management practice that provides erosion control and water quality benefits; protects, restores or enhances natural shoreline habitat; and maintains coastal processes through the strategic placement of plants, stone, sand fill, and other structural and organic materials.*
- Final funds will be disbursed to homeowners only after acknowledgement by local wetlands board and/or VMRC of satisfactory completion of projects.
- O.** Insurance Program: Dependent on securing the necessary funding, the Middle Peninsula Planning District Commission Living Shoreline Incentive and Funding Program will “insure” the plants of eligible living shoreline installations for up to two (2) years following initial construction dependent on funds available in the insurance pool program at the time of claim. In the event the plants die and need to be replaced, the program will provide grant funds necessary to purchase and replant the same or similar plants in any installation that was previously funded by the program. This insurance can be utilized up to 2 times per project as long as insurance funds remain in the program. All claims must be certified by program partners (VIMS/VMRC).

II. Loan Application and Review

- A.** Application Guidelines:

1. **Income Eligibility:** An applicant shall complete an Income Eligibility worksheet to determine income qualification for determination of ability to repay loan. Applicants seeking to borrow more than \$10,000 shall provide a current mortgage statement, if any, a copy of real estate tax bill, and a copy of a current credit report.
2. **Application Fee:** A \$40 application fee shall be charged at the time of application. The fee shall be nonrefundable.
3. **Place and Time of Application:** Applications are available at the offices of the Middle Peninsula Planning District Commission, Saluda Professional Center, 125 Bowden Street, Saluda, Virginia between the hours of 8:30 a.m. to 4:30 p.m., Monday through Friday, except holidays, by mail request at PO Box 286, Saluda VA 23149, and by phone at (804) 758-2311. A downloadable application is also available at www.mppdc.com

B. Review and Approval of Applications:

1. **Staff Review-** The staff of the Middle Peninsula Planning District Commission will review each application for Completeness and to verify income eligibility.
2. **Project Management Committee-** The Middle Peninsula Planning District Commission will designate a committee to review and approve each application. If grant funds are available the Committee will determine eligibility for grant funding following the criteria required by the funder. The Committee shall consider the following in determining project priorities:
 - Need for shoreline management at the project site (in consultation with VMRC staff)
 - Number of projects funded in a jurisdiction - Localities that have never received funding for a project will be given priority
 - Ability to pay – the ability of the homeowner to repay the loan
3. The MPPDC Board may authorize the Executive Director to complete all loan agreements and notes pursuant to approved loans.

III. Administration of VRA Financing Funds

- A. Security:** The Living Shoreline Incentive Funding Program will secure the loan with the Virginia Revolving Loan Fund through the revenues

generated through loan payments made by individual property owners and through investment of capital funds.

1. Interest Security- The Program will offer loans at interest rates of WSJ Prime as published at www.bankrate.com.
2. Principal Security- The MPPDC Program will borrow \$250,000 for a period of 15 years at a 0% interest rate.
3. Total Annual Security/Annual Debt Payments- Annual debt payments will be \$16,667, to be paid in semi-annual payments of \$8,333. MPPDC will manage the loan fund and portfolio to ensure repayment of indebtedness.
4. MPPDC will establish a Loan Loss Reserve in the amount of \$16,667 or an amount equal to one (1) year debt service payments. These funds will be designated as “Restricted Cash – MPPDC Series 2017 Reserve Fund” on the MPPDC balance sheet until such time as the loan is repaid in full.

B. Administration:

1. The Middle Peninsula Planning District Commission will dedicate staff personnel to administer the Program. The Executive Director will provide supervisory guidance to the program.
2. The MPPDC will work closely with the State agencies involved in the protection of water quality. The Department of Environmental Quality and the Virginia Marine Resources Council will provide project guidance and assist through the permitting process.
3. The MPPDC Board will designate a Project Management Committee to provide input into the loan review and financial management aspects of the Program. The Board will also be involved in oversight of the entire program.
4. The Finance Director will review applications and recommend projects to be considered for approval by the Loan Committee. The Executive Director will approve all disbursements. All checks for disbursements will be signed by 2 MPPDC officers.
5. The Finance Director will prepare all financial and project reports, transaction summaries and reimbursement requests for submission to the Virginia Department of Environmental Quality (DEQ) on a periodic basis as required by DEQ. The Executive Director will sign all requisitions.
6. Fund Administration-The Program will invest any undisbursed portion of the loan proceeds with banks operating in the region or the Commonwealth of Virginia Department of the Treasury Local Government Investment Pool. Revenues from loan payments will be invested in said accounts providing liquidity to coincide with debt payments to the VRLF. Interest earnings from the Program

will be available for administration costs and loan security. All revenues available after debt payments and administration costs may be utilized to provide additional assistance through the form of additional loans and/or grants to qualified applicants.

IV. Notification of Changes to the Local Program

The MPPDC will notify the Department of Environmental Quality and the Virginia Resources Authority of any anticipated changes to the Program Design at least 60 days prior to the effective date of such changes.



Regional Living Shoreline Incentive Funding Program

In 2011, Senate Bill 964 was passed that requires the Marine Resources Commission to establish and implement a general permit regulation that authorizes and encourages the use of living shorelines as the preferred alternative for stabilizing tidal shorelines. In 2015, Delegate Hodges introduced HBI734 which authorized the State Water Control Board to provide loans from the Virginia Water Facilities Revolving Fund to (i) a local government for the purpose of establishing living shorelines that protect or improve water quality and prevent water pollution or (ii) a local government that has developed a funding program to provide low-interest loans or other incentives to individuals to assist in establishing living shorelines. Consequently, DEQ opened the VCWRLF to localities and Planning District Commissions for living shoreline applications in 2016. MPPDC applied for funding from the VCWRLF to capitalize a revolving loan program to provide loans to private property owners.

Purpose

The MPPDC Living Shoreline Incentive Program (LSIP) offers funding to homeowners within the Middle Peninsula (ie. Essex, Gloucester, King & Queen, King William, Mathews and Middlesex Counties and the Towns of West Point, Tappahannock, and Urbanna) to install living shorelines which meet the definition of § 28.2-104.1 of the Code of Virginia.

Available Loans

1. Loans of \$1,000 to \$10,000 will be financed for up to 60 months.
2. Loans over \$10,000 will have the option of financing for up to 120 months.
3. Interest rates are set at the Wall Street Journal Prime Rate as of the day of loan approval. (Currently 4%)

Applications available at:

<http://www.mppdc.com/>

For more information contact:

Beth Johnson, MPPDC Finance Director

Email: bjohnson@mppdc.com

Phone: 804 758-2311



LSIP Process

1. CONTACT MPPDC

Reach out to the MPPDC to discuss interests and program eligibility.

2. UNDERSTAND SITE SUITABILITY

Reach out VMRC Contacts to discuss specifics about the project and understand site suitability

3. COMPLETE APPLICATION

Visit the MPPDC website and download the application. Fill out the application and include an estimate of the costs, proof of income, property deed, approved VMRC/local wetlands board permit(s), and living shoreline certification from VMRC

4. LOAN APPROVAL

Upon completion of the application, MPPDC staff will review the application for completeness. The Project Management Committee will review and approve that application. Finally, the MPPDC Executive Director will authorize all loan agreements.

5. INSTALLATION

Upon receiving the loan, the installation of the living shore can begin. Down payments can be authorized to contractors upon request. Final payments will be disbursed upon project completion.

6. START LOAN PAYMENTS

Payments will commence on the 15th of the month following first disbursement of funds.

VMRC Contacts

Locality	Name	Phone	Email
Essex	Randy Owen	757-245-2251	randy.owen@mrc.virginia.gov
Gloucester	Chip Neikirk	757-247-2254	chip.neikirk@mrc.virginia.gov
King & Queen	Randy Owen	757-245-2251	randy.owen@mrc.virginia.gov
King William	Randy Owen	757-245-2251	randy.owen@mrc.virginia.gov
Mathews	Mike Johnson	757-247-2255	mike.johnson@mrc.virginia.gov
Middlesex	Jay Woodward	757-247-8032	jay.woodward@mrc.virginia.gov