

The Subdivision Development Financing Program (SDFP) is a financing support pilot program that will help qualified developers offset infrastructure costs for long-term residential housing developments. This program will support projects funded through the [Municipal Infrastructure Fund \(MIF\)](#).

Program:

- The Subdivision Development Financing Program will provide qualified developers and landowners with access to 2% financing on up to 90% of eligible project costs associated with subdividing and developing vacant land into individual residential lots for sale.
- This financing will be provided for a term of 5-years and amortized over a 25-year period. If there is outstanding debt at the end of the 5-year term, there will be an option to renew the loan at Finance PEI’s prevailing interest rate at time of maturity.
- Collateral security for SDFP loans will include:
 - A registered collateral mortgage, conveying a 1st security interest over the land and being developed.
 - Where the borrower is a corporation, the shareholder(s) of the corporation will provide their personal guarantee(s) for the full amount of the loan.
- Eligible costs will include, but are not limited to:
 - professional fees for surveying and subdividing land into individual residential lots.
 - Costs associated with the construction of roads, sidewalks, and water and/or sewer service for connection to an existing public road and eligible central municipal water and/or sewer system.
- To assist with cash flow, approved loan applicants will have the option to pay ‘interest only’ for a 2-year period from the date of 1st disbursement of the SDFP loan.
- Lots must be listed for sale within 30 days of reaching substantial completion and the SDFP loan will be paid down with the proceeds from the lot sales.
- Proceeds of Lot sales will be applied directly against the principal balance as a ‘lump sum payment’ using a formula based on the number of lots created.
- Any non-repayable contributions received from the Municipal Infrastructure Fund by a qualified developer at substantial completion of the subdivision, will be applied directly to the outstanding SDFP loan with Finance PEI.

<p>Loan Eligibility:</p>	<p>Eligible applicants for the Subdivision Development Financing Program will be expected to demonstrate the following:</p> <ul style="list-style-type: none"> • That the proposed project has been approved by the Municipal Infrastructure Fund process. • The applicant has successfully completed a similar project on time and within budget. Alternatively, proponents will enter a fixed price contract with a general contractor who has experience with projects of similar size, cost, and construction type in the same market area. • The financial viability of the applicant itself, including the capacity to carry the project over an extended period, and a good credit and repayment history. • The financial viability of the proposed project itself, including the capacity to manage with development risks such as cost over-runs and delays in construction. • Rural communities that have existing water and/or sewer infrastructure.
<p>Application Process:</p>	<ul style="list-style-type: none"> • Applications must first go to the Federation of PEI Municipalities for review as they are administering the Municipal Infrastructure Fund. • Eligible applications approved through Municipal Infrastructure Fund will be forwarded to Finance PEI, who will then complete their credit analysis and due diligence for the Subdivision Development Financing Program loan. • It is important to note that a Municipal Infrastructure Fund-approved project does not automatically qualify applicants to the Subdivision Development Financing Program.
<p>Program Duration</p>	<ul style="list-style-type: none"> • The Subdivision Development Financing Program will remain available for the same period as the Municipal Infrastructure Fund and will be reviewed six months after their launch.
<p>Other Information</p>	<ul style="list-style-type: none"> • Loan applications for the Subdivision Development Financing Program are available at Finance PEI, 94 Euston Street 2nd Floor in Charlottetown or on-line at www.princeedwardisland.ca/sdf