



# Vacancy-to-Vitality Loan

# Vacancy-to-Vitality Overview

**Provides funding to help cover the cost of converting a vacant commercial building to workforce housing or senior housing.**

- **Purpose:** Subordinate financing for converting vacant and underutilized commercial properties to housing through a competitive process.
- **Eligible borrowers:** Any developer other than a municipality that converts a vacant or underutilized commercial building to residential use.
- **Eligible uses:** To cover construction cost of housing, including demolition.



**VACANCY-TO-VITALITY**

# Vacancy-to-Vitality Eligibility

- 16 or more housing units.
- The commercial building is vacant or underutilized.
- The land is currently zoned to permit residential use.
- Has not claimed state or federal historic rehab tax credits or received assistance due to an active Tax Increment District.
- All other development funding must be secured, and all permits and approvals have been obtained.
- Municipality has reduced the cost of the eligible project by voluntarily revising ordinances or regulations applicable to the project on or after January 1, 2023.



# Vacancy-to-Vitality – Set Asides

- 25% of funds set aside for projects supporting senior housing.
- 30% of funds set aside for projects in communities of 10,000 people or less.



# Vacancy-to-Vitality Affordability

## **Multifamily**

- Apartments are reserved for families earning up to 100% of Area Median Income.
- Annual housing costs cannot exceed 30% of 100% of Area Median Income.
- All apartments must meet requirements and remain affordable for 10 years.

## **Single Family**

- Homes are reserved for families earning up to 140% of Area Median Income.
- Annual housing costs cannot exceed 30% of 140% of Area Median Income.
- Homes must be owner-occupied and can't be sold within 10 years for more than the selling price plus inflation adjustments. All single family homes constructed must meet requirements.

# Vacancy-to-Vitality Terms

- **Loan Amount:** Maximum of \$1 million or 20% of the project costs, including land, whichever is less.
- **Rate:** 3% generally, or 1% for eligible projects in municipalities with a population of 10,000 or less. 1% for senior housing. Rate is determined per application round.
- **Term:** The term matches the senior debt.
- **Amortization:** The amortization term of the senior debt.

# Key Dates for the Competitive Loan Cycle

September 2024	Fall competitive application cycle opens
October 2024	Fall competitive applications due to WHEDA
Late 2024	Recipients announced

# Vacancy-to-Vitality Case Study

## The Canyons

- 60-unit complex in Dane County
  - 51 units reserved for people earning less than 60% AMI
- Community Service Facility with supportive services
- Received \$1 million Vacancy-to-Vitality loan

## The Derby

- 70-unit complex in Dane County
  - 59 units classified as affordable
- Repurposed roller rink
- Received \$1 million Vacancy-to-Vitality loan

