



VACANCY-TO-VITALITY LOAN

Purpose: Subordinate financing for converting vacant and underutilized commercial properties to housing per competitive process.

Funding Source: Act 18 Commercial-to-Housing Conversion Revolving Loan Fund.

Eligible Borrowers: Any developer, other than a city, village, town, or county, that converts a vacant or underutilized commercial building to residential use.

ELIGIBLE PROJECTS

- Construction project for the conversion of a vacant commercial building to a new residential housing development that consists of workforce or senior housing.
- Vacant for one year 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 active TID.
- Owner has secured necessary finances for total cost of construction and demolition not covered by WHEDA loan.
- All permits and approvals secured.
- City, village, town or county has taken action to reduce the cost of housing by voluntarily revising zoning ordinances, subdivision regulations, or other land development regulations to increase development density, expedite approvals, reduce applicable fees, or reduce parking, building, or other development costs with respect to the eligible project on or after January 1, 2023.
- City, village, town or county has updated the housing element of its comprehensive housing plan within the 5 years immediately preceding the date of application and is in compliance with relevant comprehensive housing plan rules.
- City, village, town or county is in compliance with Wisconsin Statutes 66.001, 66.001(3), 66.001(4) regarding the creation, content and amending of its comprehensive plan.

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| ELIGIBLE USES | To cover construction cost of housing, including demolition. |
| MULTIFAMILY AFFORDABILITY REQUIREMENTS | <p>For housing intended to be rented, the estimated annual housing costs, as defined under s. 16.301 (3), do not exceed, or are not expected to exceed, 30 percent of 100 percent of the area median income, with family size determined using the federal imputed income limitation, as defined in 26 USC 42 (g) (2) (C), and the utility-related costs if not included in the rent equal the utility allowance determined by the U.S. Department of Housing and Urban Development.</p> <p>For housing intended to be rented, the housing is for occupancy by individuals whose annual household income does not exceed 100 percent of the area median income.</p> <p>For rentals, affordability must be maintained from the date of loan closing or initial occupancy, whichever comes last, and continue thereafter for the longer of 10 years or full repayment of the loan.</p> |
| SINGLE FAMILY AFFORDABILITY REQUIREMENTS | <p>For housing intended to be occupied by the owner, the estimated annual housing costs, as defined under s. 16.301 (3), do not exceed, or are not expected to exceed, 30 percent of 140 percent of the area median income, with family size determined using the federal imputed income limitation, as defined in 26 USC 42 (g) (2) (C).</p> <p>For housing intended to be occupied by the owner, the housing is for purchase by individuals whose annual household income is not more than 140 percent of the area median income.</p> <p>For owner-occupied housing, for the 10-year period commencing immediately after the developer closes on the sale of the housing to the initial owner-occupier, the housing shall remain owner-occupied and may not be sold for a price that exceeds the price charged by the developer to the initial owner, adjusted annually by the average compounded annual percentage increase in the sale price of all residential housing in the county in which it is located.</p> |
| MINIMUM SET-ASIDE UNITS/LOTS | All units constructed must meet affordability requirements. |
| LOAN AMOUNT | Maximum of \$1,000,000 or 20% of the project costs, including land, whichever is less. |

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| RATE | 3%, 1% in municipalities with less than 10,000 population, 1% for senior housing * Rate determined per application round |
| TERM | Matching senior lender(s). |
| AMORTIZATION | Matching amortization senior lender(s). |
| LOAN-TO-VALUE RATIO (LTV) | Total LTV calculated including any debt senior and WHEDA debt - 100% |
| DEBT COVERAGE RATIO (DCR) | Utilizing senior debt DCR plus WHEDA subordinate financing added = 1.0 |
| CREDIT ENHANCEMENTS | Unlimited personal guarantee required on loan unless no personal guarantee is provided on the first mortgage and total debt is less than 75% of total value. |
| PREPAYMENT PROVISION | Prepayment allowed, without penalty at any time. |
| ESCROWS | N/A |
| ENVIRONMENTAL REVIEWS | N/A |
| CAPITAL NEEDS ASSESSMENT (CNA) | N/A |
| ORIGINATION FEE | 0% |
| LOAN STRUCTURING FEE (NON-REFUNDABLE) | 0% |
| APPLICATION FEE | 0% |



WHEDA

Wisconsin Housing and Economic Development Authority
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