



## RESTORE MAIN STREET LOAN

**Purpose:** Subordinate financing for rehabilitation of second and third floor rental housing situated over first floor commercial businesses awarded through a competitive process.

**Funding Source:** Act 15 Main Street Rehabilitation Revolving Loan Fund.

**Eligible Borrowers:** Any owner of rental housing other than a city, village, town or county.

### ELIGIBLE PROJECTS

- Rental housing on the 2nd or 3rd floor of an existing 2- or 3-story building with commercial use on the main floor of not more than 2/3 of the building's gross footage.
- Building is at least 40 years old and the rental housing has not been improved for at least 20 years.
- Is vacant or underutilized
- 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 housing rehabilitation not covered by the WHEDA loan.
- All permits and approvals are secured.
- City, village, town or county has taken action to reduce the cost of rental 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 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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<p><b>ELIGIBLE USES</b></p>	<p>An improvement to maintain the housing in a decent, safe and sanitary condition including to restore it to that condition, including a) repairing or replacing a heating system, electrical system, internal plumbing system, interior wall or ceiling, roof, window, exterior door, or flooring, b) repairing or replacing insulation or siding or c) remediating lead paint, asbestos, or mold in accordance with applicable regulations.</p>
<p><b>AFFORDABILITY REQUIREMENTS</b></p>	<p>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>The housing is for occupancy by individuals whose annual household income does not exceed 100 percent of the area median income.</p> <p>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>
<p><b>MINIMUM SET-ASIDE UNITS/LOTS</b></p>	<p>All units rehabilitated must meet affordability requirements.</p>
<p><b>LOAN AMOUNT</b></p>	<p>Maximum of \$20,000 per unit or 25% of the total housing rehabilitation costs, whichever is less.</p>
<p><b>RATE</b></p>	<p>3%, 1% in municipalities with less than 10,000 population. * Rate determined per application round</p>
<p><b>TERM</b></p>	<p>The lesser of initial occupancy plus 10 or the term of the senior debt.</p>
<p><b>AMORTIZATION</b></p>	<p>The amortization term of the senior debt.</p>
<p><b>LOAN-TO-VALUE RATIO (LTV)</b></p>	<p>Total LTV calculated including any debt senior and WHEDA debt - 100%.</p>
<p><b>DEBT COVERAGE RATIO (DCR)</b></p>	<p>Utilizing senior debt DCR plus WHEDA subordinate financing added = 1.0</p>
<p><b>CREDIT ENHANCEMENTS</b></p>	<p>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.</p>

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<b>PREPAYMENT PROVISION</b>	Prepayment allowed, without penalty at any time.
<b>ESCROWS</b>	N/A
<b>ENVIRONMENTAL REVIEWS</b>	Documentation provided to senior lender.
<b>CAPITAL NEEDS ASSESSMENT (CNA)</b>	N/A
<b>ORIGINATION FEE</b>	0%
<b>LOAN STRUCTURING FEE (NON-REFUNDABLE)</b>	0%
<b>APPLICATION FEE</b>	0%



**WHEDA**

Wisconsin Housing and Economic Development Authority

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