

Application: Accessory Dwelling Units

Vermont Housing Improvement Program 2.0 (VHIP 2.0)

The State of Vermont launched the Vermont Housing Improvement Program 2.0 (VHIP 2.0) in March 2024. VHIP 2.0 is a competitive award process that provides grants [REDACTED] up to \$50,000 to property owners who agree to create safe, affordable rental units. The flexible program offers several options to both create and rehabilitate units. Property Owners must match at least 20% of awarded funds and maintain the unit(s) as long-term affordable rentals.

Program Overview

- VHIP 2.0 offers 5-year grants [REDACTED] of up to \$50,000 to construct an Accessory Dwelling Unit (ADU) that meets the Vermont Rental Housing Health Code guidelines. The completed units must comply with the Vermont Rental Housing Health Code and local ordinances, and all applicable NFPA Life Safety Code Standards and applicable Certificate of Occupancy requirements.
- **VHIP 2.0 funds are disbursed on a reimbursement basis at certain points during the project, so you will need to have the capital upfront to cover project expenses until you receive reimbursement.**
- The Property Owner must be current on their property taxes and mortgage payments to be eligible for the program.
- The Property Owner is required to contribute at least a 20% match of the grant or loan funds prior to first grant or loan disbursement. An “in-kind” match or deferred match timeline may be approved at the discretion of the Homeownership Center overseeing project management.
- The property owner must sign a Housing Affordability Covenant outlining that the unit will be rented at or below HUD Fair Market Rents (FMR) for the appropriate county (published annually), or at a rate allowed by a recognized housing assistance for the compliance period. Five-year grants also require placing tenants through a Coordinated Entry or USCRI refugee program, or other DHCD-approved agency.
- Pre-approval is available to assist with financing the project. The Property Owner must obtain any required State or local permits before final approval.
- Project scope may be reviewed and altered if the property is on or eligible for the State or National Historic Registry or to address structural issues identified.
- The Property Owner will provide information on tenants and rents to show they are complying with program requirements. This will include providing contact information and lease copies annually, and the VHIP Owner Compliance Certification to the Department of Housing & Community Development (DHCD).

Accessory Dwelling Units (ADUs)

- An ADU is a distinct unit that is subordinate to a single-family dwelling, where the primary unit is occupied by the Property Owner as a permanent residence. Accessory Dwelling Unit(s) are further defined in 24S.A. § 4412 E.
- **Applicants MUST be able to complete the project within 18 months of signing the Grant or Loan Agreement.**
- **Fire and safety inspections of the ADU and attached structures are required for approval and all fire, housing, and health code violations identified must be corrected by law and owners are subject to fines and penalties if they are not. It is always the Divisions of Fire Safety’s goal to work with tenants and landlords to gain compliance through the education process. Applicants are encouraged to discuss their project with their local HOC before scheduling an inspection.**

Tenant Selection Parameters

- Property Owner must accept paper applications in areas with limited internet access
- Cannot charge upfront more than first month's rent and a security deposit
- Must accept credit scores of 500 and above
- Property Owner must cover the expense of any credit or background checks

Fair Housing & Landlord-Tenant Mediation

Federal and State Fair Housing Laws prohibit discrimination in all aspects of housing, including home sales, rentals, housing policies, and financing. Discrimination is treating a person, or a particular group of people unfairly or differently than how other people are treated because they are a member of a protected class (race, family status, etc.).

Federal Protected Classes

- Race
- Color
- Religion
- Disability
- National Origin
- Sex
- Familial Status

Vermont's Additional Protected Classes

- Marital Status
- Sexual Orientation
- Age
- Gender Identity
- Victims of Abuse
- Receipt of Public Assistance

Application Checklist

- ☐ **Watch interactive videos on Fair Housing Laws and Landlord-Tenant Mediation prior to VHIP 2.0 application approval**

Providing all the required documents makes your application more competitive and will ensure a timely decision.

Complete Application Packet includes the following:

- ☐ Completed VHIP 2.0 Application Form, signed by the Applicants (Property Owners)
- ☐ Copy of property insurance
- ☐ Copy of the tax bill for each property
- ☐ Copy of the deed for each property
- ☐ Completed Form W-9
- ☐ Scopes of work and budget for the project

Additional documents that may be required:

- ☐ Copy of contractor contracts, if available
- ☐ Copy of any applicable permits for final approval
- ☐ Standard Lease Agreement
- ☐ Sketch or plans of project
- ☐ Copy of Inspection Report from the local health official or fire department
- ☐ Bank statement or loan approval for projects with matches at or above \$10,000

****Incomplete Applications will be returned.***

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Information on this form will be used to assess your eligibility for the Vermont Housing Improvement Program 2.0.

Section A. Property Owner/Applicant Information

Property Owner/Applicant Name: _____

Co-Owner/Applicant Name: _____

Mailing Address: _____ City/Town: _____

State: _____ Zip Code: _____ Email Address: _____

Phone Number: _____ Can you receive texts: Yes No

Best way to reach you: _____

Section B. Property Information

Property Address: _____

Have you discussed your project with local Zoning and Planning authorities? Yes No

Does this property have a mortgage? Yes No If yes, are you current on payments? Yes No

Municipality where you pay Property Taxes: _____ Are taxes current? Yes No

Do you have enough cash assets or loan commitments set aside for the match? Yes No

If no, are you seeking pre-approval to secure a loan? Yes No

Include a copy of the Property Tax Bill.

Include a copy of the Deed

Expected start date of construction: _____ Expected end date of construction: _____

Contractor name (if available/applicable): _____

Other notes: _____

Attach the Scope of Work and Project Cost Estimate and Budget for project (include contractor contract, if available)

Section C. Intended Use

Has a tenant been identified? Yes No

Will the tenant be a family member? Yes No

If yes, would you be willing to lease the unit on the open market if the family member moves out of the ADU or new unit while the Rental Covenant is in place? Yes No

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If a tenant has not been identified, what will your screening process and qualifying criteria be? (Background checks, credit history, etc.) _____

Grants only: Do you agree to receive rental referrals from a CE agency or DHCD-approved agency? Yes No

Are you willing to accept the Vermont Common Rental Application? Yes No

Are you willing to maintain Fair Market Rent for the ADU for the entirety of the compliance period? Yes No

Section D. Project Deadline

I understand that if my rehabilitation project is not completed and occupied within 18 months of signing the grant or loan agreement I will forfeit the unspent portion of the grant or loan, and I will be responsible for any unpaid amounts owed to the contractors that I hire. Downstreet Housing & Community Development or the Vermont Department of Housing and Community Development may seek recovery of funds for incomplete units, or any other violation of the program rules or the Housing Subsidy Covenant to the full extent allowable by law.

Applicant Signature: _____ Date: _____

Co-Applicant Signature: _____ Date: _____

Section E. Authorization and Acknowledgement

Each of the undersigned attests to the **DOWNSTREET HOUSING & COMMUNITY DEVELOPMENT** and to the **DOWNSTREET HOUSING & COMMUNITY DEVELOPMENT'S** actual or potential agents, successors and assigns and agrees and acknowledges that the information provided in this packet is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this packet may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq. **DOWNSTREET HOUSING & COMMUNITY DEVELOPMENT** and its agents, brokers, insurers, successors, and assigns may continuously rely on the information contained in the packet. Each of the undersigned hereby acknowledges that **DOWNSTREET HOUSING & COMMUNITY DEVELOPMENT**, its servicers, successors and assigns, may verify or reverify any information contained in this packet or obtain any information or data relating to the packet, for any legitimate business purpose through any source, including a financial institution, employer, creditor, or any other source listed in this form. If the application is approved, the undersigned agrees to watch videos on Fair Housing Laws and Landlord-Tenant Mediation. Each of the undersigned also understands that this application is for eligibility purposes only and submitting this form does not constitute a commitment of funds.

Applicant Signature: _____ Date: _____

Co-Applicant Signature: _____ Date: _____