



# Application: New Construction

## 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 and forgivable loans 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. 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 or 0% interest 10-year forgivable loans of up to \$50,000 per unit for the construction of new residential structures. 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.

### New Construction Projects

- **Eligible new construction projects:** new single-family home, or a newly created multifamily or mixed-use building. Buildings cannot have more than five residential units. ***If you are looking to convert an existing structure to new residential rental units, please complete the Rehabilitation application.***
- **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 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.
- 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.
- 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.
- The Property Owner will provide information on tenants and rents to show they are complying with program requirements. This will include contact information and lease copies annually and the VHIP Owner Compliance Certification to the Department of Housing & Community Development (DHCD).
- **Applicants MUST be able to complete the project within 18 months of signing the Grant or Loan Agreement.**



### 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:**

- Standard Lease Agreement
- Copy of contractor contracts, if available
- Copy of any applicable permits for final approval
- Bank statement or loan approval for large projects

***\*Incomplete applications will be returned.***



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### Grants & Forgivable Loans

- Grant and forgivable loans funds are considered taxable income.
- **5-Year Grants:** Units receiving these funds must be rented at or below HUD Fair Market Rent for 5 years. These units have the additional requirement to work with a Coordinated Entry Organization to identify a tenant exiting homelessness. Grants may be converted to forgivable loans, if approved by the Vermont Housing Division.
- **10-Year Forgivable Loans:** Units receiving these funds must be rented at or below HUD Fair Market Rent for 10 years for the loan to be forgiven in its entirety. Funds will need to be repaid to the State of Vermont for every year this requirement is not met. For example, if a Property Owner only leases the unit for 7 years at or below FMR, 30% of the funding would need to be repaid.

Please select whether you are applying for a grant or a forgivable loan:

This application is for a **5-year grant**, with the stipulations outlined above

This application is for a **10-year forgivable loan**, with the stipulations outlined above

Please complete this application and return with requested documentation to:

NeighborWorks of Western Vermont  
110 Marble Street  
West Rutland, VT 05777  
Email: [info@nwwvt.org](mailto:info@nwwvt.org) | Phone: 802-797-8610

### Services Provided by NeighborWorks of Western Vermont

- Attend an initial site visit of the property/units with Property Owner
- Review proposed scope of work and budget
- Help to define and finalize the project
- Confirm construction deadlines are being met and provide progress payments
- Conduct progress and final inspection to ensure all repairs have been completed
- Collect and verify all program documents: pre-work, during-work, post-work as required



NeighborWorks of Western Vermont - Serving Addison, Rutland, and Bennington  
110 Marble Street, West Rutland, VT 05777 • 802-797-8610 | [info@nwwvt.org](mailto:info@nwwvt.org)

Funds provided The State of Vermont Agency of Commerce and Community Development

Updated: March 25<sup>th</sup>, 2024



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Information on this form will be used to assess your eligibility for the Vermont Housing Improvement Program 2.0.  
If applying for more than one property, please complete an additional Application: Unit Rehabilitation for each property.

**Section A. Property Owner/Applicant Information** Please list all owners, attach an extra sheet if necessary.

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 Management Information**

What is your current process to screen potential tenants and qualifying factors (i.e. background and credit check, applications)? \_\_\_\_\_

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 HUD Fair Market Rents for New Units? Yes No

Required if Owner Does Not Reside in Vermont

Property Manager Name: \_\_\_\_\_ Property Manager Email: \_\_\_\_\_  
Property Manager Phone: \_\_\_\_\_

**Section C. 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.\***



