

## Vermont Housing Improvement Program (VHIP) Frequently Asked Questions

### **Q. What is considered an eligible unit?**

A. An eligible unit would be an existing rental unit that is currently vacant for a minimum of 90 days. It could be an apartment, single family home, duplex, mobile home, or accessory apartment. Creation of New Units\* including Accessory Dwelling Units (ADUs) is also eligible.

*NOTE: Accessory Dwelling Units are defined as distinct dwellings that are subordinate to a single-family home on a lot where the owner resides in one of the units. Any unit creation that does not fit the definition of an ADU must be limited to unit creation within an existing structure.*

### **Q. What type of rehab work can be done with these funds?**

A. There must be existing code violations or health and safety repairs that need to be addressed, for example: electrical/plumbing work, fire safety improvements, leaking roof, new heating system. However, there is flexibility to make additional upgrades if any funds remain after the necessary repairs are made.

### **Q. If I have a project currently underway but not yet enrolled in the VHIP program, can I enroll in VHIP and then get reimbursed for my expenses?**

A. At this time, eligible expenses will only include those that have been incurred after an application has been submitted.

### **Q. Who determines the scope of work and selects the contractor?**

A. The property owner should apply with a basic idea of the work that needs to be completed to bring the unit in compliance with rental housing code. CHT will do a site visit to verify that the scope of work meets program guidelines, as well as any other items that may need to be addressed. The property owner must select the contractor.

### **Q. What is the maximum grant amount?**

A. Up to \$30,000 per unit, for 0-1-2 Bedroom Units; or up to \$50,000 per unit, for 3+ Bedroom Units and the creation of New Units including Accessory Dwelling Units (ADUs).

### **Q. Are funds considered taxable?**

A. Yes, funds are considered taxable income by the IRS.

### **Q. How will units be selected for this program?**

A. CHT will review applications for completeness and confirm eligibility (see list below). If the total requests exceed the loan fund capital available, CHT has developed a scoring system to rank eligible applications with a focus on life safety needs.

1. The property is not delinquent on any property taxes, mortgage payments, or has any other adverse lien(s) and is not in foreclosure.
2. The property owner must contribute a 20% match (up to \$10,000 of his or her own funds)
3. Written agreement that the property owner will work with a Coordinated Entry Lead Organization or an Immigrant or Refugee Resettlement Program to find suitable renters.
4. Written agreement that the property owner will agree to lease their rehabbed units at or below the HUD Fair Market rents for at least five years.
5. Units are vacant and eligible (see question 1)
6. The project is shovel ready and can reasonably be completed no later than 18 months after signing of the grant agreement. Verification and or a contract documenting that from your contractor would be helpful.

**Q. How much do I need to contribute? How will that be processed?**

A. Property owners are required to match at least 20% of their own funds. If the project is estimated at \$20,000, a match of \$4,000 is required. CHT asks that the property owner pay their funds first to the contractor (i.e. initial deposit) and provide CHT with a receipt.

**Q. When do I get paid? Do I need to submit receipts?**

A. Yes, you must submit receipts. CHT will reimburse costs based on the following schedule and project progress:

- a. 25% distributed to commence the project
- b. 25% distributed at the halfway point of the project
- c. 30% will be distributed upon satisfactory final inspection of the project.
- d. 20% upon successful signing of lease of unit.

**Q. What if there are multiple owners of a property?**

A. Please include contact information for all the property owners on the application. They all must agree to and sign a Housing Subsidy Covenant, which will be recorded in the land records.

**Q. Can I find my own tenant?**

A. Property Owners completing rehabilitation of existing units or creation of new units are required to work with a Coordinated Entry Lead Organization or an Immigrant or Refugee Resettlement Program to find suitable renters who have experienced homelessness or displacement. This engagement shall continue at unit turnover for a minimum of 5 years. ADU's are exempt from the requirement but must rent at or below the HUD Fair Market Rent.

**Q. What is Coordinated Entry?**

A. Coordinated Entry is a process that ensures people experiencing a housing crisis have fair and equal access and are quickly identified, assessed for, referred and connected to housing assistance based on their strengths and needs. Champlain Valley Office of Economic Opportunity (CVOEO) through the Chittenden County Homeless Alliance and Franklin Grand Isle Community Action is the Lead Organization for Chittenden, Franklin and Grand Isle counties.

**Q. What is the ongoing obligation/compliance for accepting this money?**

A. All owners must agree to sign a Housing Subsidy Covenant, which will require compliance with keeping rents at or below HUD Fair market rents. Each year, a landlord certificate must be sent to the Vermont Department of Housing and Community Development.

**Q. What are the HUD Fair Market Rents in Chittenden/Franklin/Grand Isle Counties?**

A. They usually change once a year, but the current rental limits are:

Studio Apartment:	\$1,139
One Bedroom:	\$1,238
Two Bedroom:	\$1,615
Three Bedroom:	\$1,982
Four Bedroom:	\$2,170

These numbers reflect the Fair Market Rent cap with all utilities included. If a property owner plans not to include utilities as part of their lease, the cap will be reduced by the HUD Utility Allowance Schedule amount based on fuel type. HUD Fair Market Rents are posted annually and can be found through

<https://www.huduser.gov/portal/datasets/fmr.html>

**Q. What is the deadline for construction? What is the deadline for occupying the unit?**

A. Unit should be completed construction and ready for occupancy no later than 18 months after the grant agreement is signed. A lease should be signed by that date as well.

**Q. What happens if I don't meet those deadlines?**

A. If construction is not completed by the deadline, you will forfeit the undisbursed remainder of the grant funds, and may incur a penalty.