
VHIP 2.0 Resource Guide

for Property Owners

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Developed by the Vermont DHCD Housing Division

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VHIP 2.0 How To

The Vermont Housing Improvement Program 2.0 (VHIP 2.0) provides rental property owners up to \$50,000 per unit towards the cost to rehabilitate unoccupied rental units up to Vermont Rental Housing Health Code guidelines. They may also create new units, including Accessory Dwelling Units (ADUs). Additional funds are available to make a unit ADA compliant. This program is designed to help increase the supply of affordable, safe rental units in Vermont, and offer avenues to support households exiting homelessness.

This resource guide provides information on every step of the VHIP 2.0 program, submitting an application, completing the project, and maintaining compliance with the program requirements once your unit is complete.

Decide if VHIP 2.0 is a Good Fit for Your Project

Based on the type of project, property owners are eligible to receive up to:

- **\$30,000 per unit for:** rehab of 0–2-bedroom units
- **\$50,000 per unit for:**
 - rehab of 3+ bedroom units
 - conversion of units within an existing structure into rental units
 - elements impacting multiple units (roof, HVAC, etc.)*
 - new unit creation
 - creation of Accessory Dwelling Units (ADUs)
- UP TO \$20,000 additional funding to make any VHIP unit visitable, adaptable, or accessible according to ADA and Vermont Access Rules guidelines

*Structural repair loan awards are available for a maximum of \$50,000 per award made for a property. For each structural award made, a rent-ready unit in the same building must be encumbered with a VHIP FLA/Promissory Note. Contact DHCD for more details and to discuss your project if you are considering structural repairs that affect more than one unit.

VHIP 2.0-related expenses will be reimbursed at four different points in the project, so it is important to know you will be responsible for paying the costs upfront. This means you will need to have some capital upfront or get a loan to cover some of the costs until you receive reimbursement for the expenses. To learn more about this process, review the section on [forgivable loan disbursement](#).

Funds may be considered taxable income by the Internal Revenue Service (IRS), and you should work with a tax professional to report them as required. VHIP projects may also affect the appraisal or assessed value of your property. Talk to a tax professional or your municipality about potential impacts of property tax changes.

To receive VHIP 2.0 funding, all applicants must agree to:

- Match 20% of the award funds
- Sign a rental covenant or forgivable loan agreement stating you will charge a rent at or below Fair Market Rent for the duration of the agreement (5 or 10 years)
- Complete short, interactive Fair Housing Education videos
- Complete the project within 18 months of the signed agreement
- Follow the tenant screening guidelines, including not requiring a credit score greater than 500 and charging no more than one month's rent for a deposit, regardless of whether it is called a security, damage, or pet deposit, the last month's rent, etc.

Out-of-state owners are also required to identify a property manager within 50 miles of the unit to ensure that a local, responsible party can manage the property in the owner's absence.

VHIP strongly encourages a standard 1-year lease. Exceptions must be approved by the HOC and DHCD.

Additional requirements apply if you select the 5-year option.

Select your VHIP 2.0 plan:

- **Five-Year Projects:** Participants selecting the VHIP 2.0 5-year forgivable loan option must rent enrolled units at or below HUD Fair Market Rent for the area and work with homeless service organizations to find suitable renters exiting homelessness for at least 5 years. This compliance period will start when the unit is placed into service.
- **Ten-Year Projects:** Participants selecting the VHIP 2.0 10-year forgivable loan option must rent units at or below HUD Fair Market Rent (FMR) for the area for at least 10 years. This compliance period will start when the unit is placed into service. *The owner must rent the unit for 10 years at or below FMR to be forgiven in its entirety. Funds will need to be repaid to the State for every year this requirement is not met, i.e., if an owner only leases the unit for 7 years at or below FMR, 3 years (30%) of funding will not be forgiven.*

Approved applicants will be required to sign a Forgivable Loan Agreement outlining these requirements. Property owners can receive forgivable loans up to \$50,000 per unit. You can be pre-approved to assist with financing, but you will need all required local and state permits for final approval. For the loan to be fully forgiven, all VHIP units must be rented for the full length of your VHIP compliance period (5 or 10 years) at or below HUD Fair Market Rents (FMR), or at a higher rate only if accepting a recognized housing assistance voucher that includes the excess amount.

Conduct Tenant Selection

VHIP 2.0 participants have the right to select their tenants. However, the tenants they choose must meet the program requirements based on whether they are enrolled in the 5- or 10-year track. Property owners must:

- accept a credit score of 500 and above for properties enrolled in this program
- charge no more than one month's rent for a deposit, regardless of whether it is a security deposit, damage deposit, pet deposit, last month's rent, etc.
- cover the cost of running background or credit checks on potential tenants
- accept any available housing vouchers to pay all or a portion of the tenant's rent and utilities
- accept paper applications for tenants with limited internet access

For 5-year projects: If enrolling in the 5-year option, the property owners must coordinate with nonprofit housing partners and local homeless service organizations to identify potential tenants exiting homelessness. If a suitable tenant exiting homeless is not identified through this process (learn more in the [Connecting with Homeless Service Organizations](#) section), the property owner may lease to a household actively working with an immigrant or refugee resettlement program. If no tenant is identified through any of these processes, the property owner may submit a [waiver request](#) to the Department of Housing and Community Development (DHCD). If the waiver request is accepted, the property owner must lease the unit to a household with an

income less than or equal to 80 percent of the area median income, or if such a household is unavailable, to another household with the approval of DHCD.

Take Fair Housing & Landlord-Tenant Mediation Training

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 because they are members of a protected class.

Federal Protected Classes:

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

Vermont's Additional Protected Classes:

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

Applicants and their designated property/leasing managers must watch interactive videos on Fair Housing and Landlord-Tenant Mediation is required for VHIP 2.0 application approval. These videos will be available online on the [Champlain Valley Office of Economic Opportunities website](#).

Use VHIP 2.0 to Rehabilitate an Existing Structure

The primary goal of VHIP is to create new housing units in Vermont. VHIP 2.0 is ideally suited to this, and the guidelines presented in this resource guide apply directly to rehab projects. The funds can be used to turn an older home into multiple units, convert commercial space into housing, rehab non-code-compliant buildings in their current configuration, and more. VHIP has turned sugar shacks and dairy barns into comfortable new housing. Use your Vermont imagination and help give an old building new life, while serving our neighbors by providing affordable housing.

Use VHIP 2.0 for Accessory Dwelling Units (ADU)

An Accessory Dwelling Unit (ADU) is a smaller, independent dwelling unit located on the same lot as an existing single-family home. Vermont's law on equal treatment of housing and town bylaws requires municipalities to allow homeowners to add one ADU to their house as a permitted use as long as certain conditions are met.

To qualify as an ADU, the existing single-family unit must be owner-occupied and the owner's primary residence. ADUs can take several forms, as depicted in the image below. For example, an ADU may be located on a separate floor, in a garage, a basement, an addition, or a detached unit, like a converted carriage barn.

An ADU must be a standalone unit, including its own lockable entrance, kitchen and bathroom. For further guidance on ADUs, check the following resource [ADU Information](#).

If you are looking for additional financing for an ADU, check out these local lenders who are aware of the VHIP 2.0 program and want to work with clients on financing:

- [National Bank of Middlebury](#)
- [Peoples Trust Company](#)
- [The Bank of Bennington](#)
- [Vermont Federal Credit Union](#)

VHIP 2.0 provides 0% interest, 5- and 10-year forgivable loans for approved applications. When applying, the owner must select which option they want for their project.



Adapted from: Wake County North Carolina. (2023). Ready to Apply for an ADU. <https://www.wake.gov/departments-government/planning-development-inspections/inspections-permits/accessory-dwelling-units/ready-apply-adu>

Use VHIP 2.0 for New Construction

New construction is another new addition to VHIP 2.0, and several types of projects can be eligible, including:

- A newly created residential structure that is a single unit
- Projects with up to 5 rental units within a newly created multi-family building or mixed-used structure

Use VHIP 2.0 for Occupied Units with Code Violations

Allowing the rehab of occupied units is a new addition to the VHIP 2.0. The goal is to bring units up to code that are at risk of falling into disuse and that pose a risk to current tenants. Existing tenants must be allowed to retain the housing after the rehab. You can receive up to \$50,000 per unit through a 10-year forgivable loan. Here are a few things you should know before you apply:

- If your building has a mix of vacant and occupied units, that's okay. You can work with your local Homeownership Center to put together a plan and submit application packets.
- **For tenant-occupied units:** Tenants cannot be permanently displaced by these projects. If your project requires temporary relocation, you'll need to work with your

tenants on accommodations, including storage for personal property if needed. You will be responsible for any required hotel, short-term rental, or storage unit for personal items or similar costs if your tenant does not have family or friends to stay with. The landlord may use these expenses as part of their 20% match.

- Meal and lodging stipends for displaced tenants shall be determined and set by the U.S. General Services [per diem table](#). Different rates may be agreed upon, in writing, between landlord and tenant prior to the displacement.
- All units assisted must be rented at or below HUD Fair Market Rents (FMR), or at a rate allowed by a recognized housing assistance voucher for the award period.
- An inspection report is required for project approval of occupied units and all violations need to be corrected, as part of the project's scope of work.*

***By law, all fire, housing, and health code violations identified in occupied units and common areas must be corrected, and you could be subject to fines and penalties if they are not corrected. This applies even if you do not move forward with the VHIP 2.0 program. We strongly encourage you to work with your local Homeownership Center before scheduling an inspection.**

Use VHIP 2.0 to Make your VHIP Unit ADA Compliant

You may choose to fill out an additional application for any project type to implement accessibility features for one or more of your project units. Approved VHIP 2.0 projects are eligible for UP TO an additional \$20,000 per unit that additionally meets either VISIBLE, ADAPTABLE, or ACCESSIBLE requirements under ADA Standards and the Vermont Access Rules. The amount awarded will be dependent upon the extent of the work proposed, understanding that requirements for accessible and adaptable are more stringent and costly than visible.

Visible, Adaptable, & Accessible VHIP Unit Development Guidelines

The 2010 ADA Standards for Accessible Design are the primary guide for accessible development. The Vermont Access Rules outline the additional or separate Vermont requirements for each type of accessible development. These can be found, along with more information on ADA and Vermont building codes, at the Division of Fire Safety [website](#).

You must choose whether to create a Visible/Adaptable/or Accessible unit as part of a VHIP project for each unit you plan to develop to ADA guidelines. A VHIP project/property may have a mix of accessible units and standard units as part of their scope of work.

The Homeownership Center will review your proposal to develop Visible/Adaptable/Accessible units, but is not responsible for developing or assessing that a plan adheres to ADA and Access Rules. Property Owners who are not well-versed in ADA Standards and Vermont Access Rules are expected to include in their work plan hiring an accessibility consultant, architect, structural engineer, or other professional. This contractor will develop plans to ensure the project meets accessibility standards for the proposed unit(s). Units that do not meet the standards at completion will not receive a portion or all of the funding allocated.

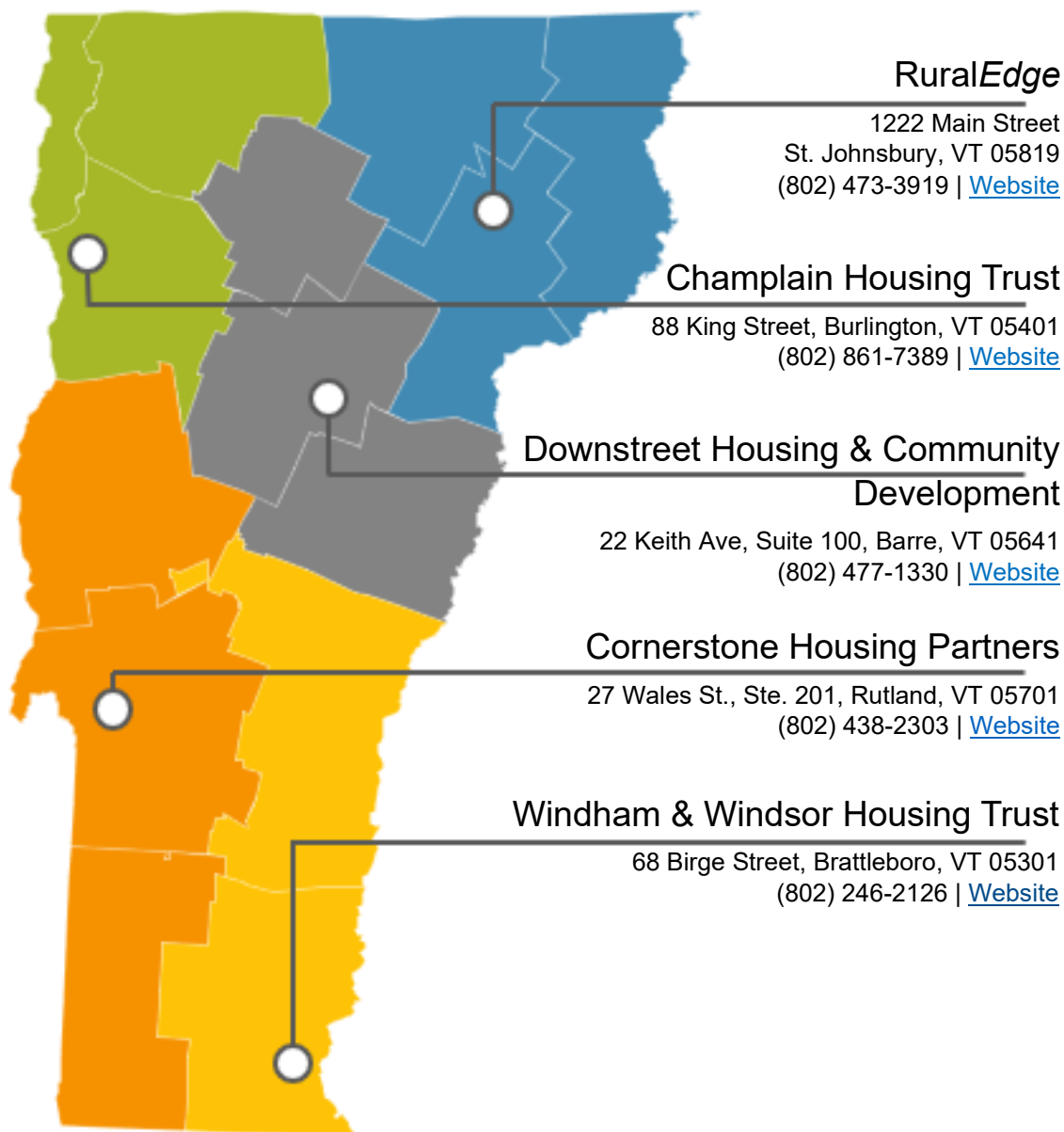
Awarded funds for accessibility will be disbursed 40% at the midpoint of the project, and 60% upon successful completion of the proposed work.

Additional Tenant Selection Parameters

- Tenant first priority may be at least one individual with a disability who receives or is approved to receive Medicaid-funded home and community based services or Social Security Disability Income (SSDI).

Connect with the local Homeownership Center

The first step in enrolling in VHIP 2.0 is to connect with your area's Homeownership Center (HOC). Select the appropriate HOC based on where the property you plan to rehab or create is located. The HOCs will have copies of the VHIP 2.0 application on their website and can provide you with application assistance.



Counties Served by the HOCs:

- [RuralEdge](#) - Caledonia, Essex, and Orleans
- [Champlain Housing Trust](#) - Chittenden, Franklin, and Grand Isle
- [Cornerstone Housing Partners](#)– Addison, Bennington, and Rutland
- [Downstreet Housing and Community Development](#)–Lamoille, Orange, and Washington
- [Windham & Windsor Housing Trust](#) – Windham and Windsor

Submit the VHIP 2.0 Application

Before beginning your VHIP 2.0 application, make sure you are using the correct application form. Since there are slightly different requirements depending on the type of project, there are separate applications for rehab or conversion of existing units, rehabs of tenant-occupied units, new construction, and Accessory Dwelling Unit projects. ADA improvements can be added to any VHIP application with an additional rider application—inquire with your HOC if you're interested in accessibility improvements.

Complete applications will include:

- ☐ Completed VHIP 2.0 Application Form, signed by the Applicants (Property Owners)
- ☐ Copy of property insurance
- ☐ Copy of the tax bill and deed for each property
- ☐ Standard Lease Agreement
- ☐ Completed Form W-9
- ☐ [Scopes of work and budget for each 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
- ☐ Relocation Agreement Form(s) signed by the Owner and Tenant(s) of each unit
- ☐ Bank statement or loan approval for large projects

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

Develop a Scope of Work

The scope of work requirements may differ between Homeownership Centers (HOC). However, in general, you must include:

- A detailed description of the work needed to bring the unit up to Vermont rental safety guidelines.
- Cost of each project. Include estimates from contractors for both the cost of labor, even if you plan to complete the work yourself, and necessary materials (check out the [resource section](#) for a budget template).
- Your plan to meet the match requirement. If you plan to complete some of the work yourself for [sweat equity](#), this should include a description of the work you plan to complete and an estimate of the expected costs (for labor and materials).
- A timeline for the necessary repairs or construction. *Note:* All work must be completed within 18 months of signing a VHIP 2.0 agreement.



Scope of Work



Develop a Timeline



Provided Estimates

Before approving your scope of work, some HOCs may want to conduct a site visit to review the scope of work and sequence of the project. They may also perform an inspection to ensure the outlined work will bring the unit up to Vermont rental safety guidelines.

Conduct Unit Inspections

Inspections are required for tenant-occupied and code compliance projects. The Division of Fire Safety reviews the projects, conducts an inspection, and issues any necessary permits. The applicant can work with the Division of Fire Safety and the Homeownership Center to develop a plan of compliance to address the identified code compliance issues within the timeframe determined by the Division of Fire Safety. DHCD encourages you to reach out to your HOC before scheduling an inspection.

Contact the regional office or fire marshal who covers the project area to schedule an inspection. An interactive map and contact information are available at firesafety.vermont.gov/staff-contact. It typically takes 10 days or less to schedule the inspection and 10 days after the inspection to receive the report.

An inspection usually consists of a complete building evaluation. The most common violations are related to smoke and carbon monoxide detectors, second means of escape such as windows, ground fault circuit interrupters in kitchens and bathrooms, handrails for stairs, appropriate dryer venting, and guards for decks, stairs, and landings (this is not an all-inclusive list). If additional information or copies of reports are needed, the Assistant State Fire Marshal who conducted the inspection should be contacted for additional copies or questions about the report.

Sign A Forgivable Loan Agreement

Once a VHIP 2.0 application is approved, the HOC will share a forgivable loan agreement with the recipient. The agreement outlines the responsibilities of the property owner, the [payment schedule](#), and the project deadline (within 18 months of signing the loan agreement). Project work can begin once this agreement is signed, filed with the town, and shared with the HOC.

VHIP 2.0 recipients must sign a forgivable loan agreement and promissory note (for 10-year loans) that will be filed in the town's land records. These are legally binding documents that are an encumbrance on the property. Property Owners are encouraged to review loan agreements with their HOC before filing them with the town.

Property owners will return signed and notarized Agreement/s to the following homeownership centers to be recorded with the town/city clerk:

- Champlain Housing Trust
- Downstreet Housing & Community Development
- Windham & Windsor Housing Trust

Property owners will be responsible for recording signed and notarized Agreement/s with the town/city clerk and providing a copy to the following homeownership centers:

- Cornerstone Housing Partners
- RuralEdge

Note: The compliance period will start when the unit is first placed into service.

This forgivable loan agreement will be effective for either 5 or 10 years. It states that for this period, the unit must remain a long-term rental with a monthly rental rate at or below HUD Fair Market Rent and that the Department of Housing and Community Development must approve the sale of the property. Review the [Selling a VHIP 2.0 Property section](#) to learn more about this process.

For 5-Year Projects: Units must also be rented to Vermonters exiting homelessness who were referred by a homeless service organization, i.e., Coordinated Entry, Refugee Resettlement, organizations helping youth exiting foster care and formerly incarcerated persons, etc.

Attention: Charging more than the HUD Fair Market Rent (FMR) for your area would violate the Forgivable Loan Agreement placed on your property. Violations may incur penalties including, but not limited to, repayment of rent charged over FMR. Please double-check your calculations to ensure you charge a monthly rent within the allowable range. If you have questions, please check out the FMR Calculator on our or contact VHIP@vermont.gov.

Meet the Match Requirement

Approved VHIP 2.0 applicants must provide a 20% match of loan funds before requesting any award funds. For example, if you are approved for a \$50,000 award, you must contribute a \$10,000 match before any program funds are disbursed. Expenses incurred before the signing of the forgivable loan agreement will not be considered eligible toward the match requirement (or for reimbursement), with the exception of some pre-development costs. A complete application does not guarantee approval, so doing any work before signing the agreement poses a risk. Pre-development costs, including permitting or zoning fees, hiring an engineer/architect, etc., may be eligible, as long as there is documentation of the work and the work was completed after the application was submitted.



Out-of-pocket



Loan



Sweat Equity



Grant

You can match the program funds in several different ways. You can pay for the expense out-of-pocket, apply for a loan to cover the match requirement, through sweat equity (working on the project), or use another award to cover the expense (as long as the other funding source permits).

Use Sweat Equity

In the case of VHIP 2.0, sweat equity refers to when a property owner performs physical work on the property for which they received program funding. Property owners may be reimbursed for the work they perform on the property or have it considered towards their match requirement, given that these details were included in the scope of work approved by the HOC (the scope of work should include an estimate of the time needed to complete the repairs and your hourly rate).

To receive reimbursement for your work, you must also provide an invoice documenting dates, times, an hourly rate, and a description of work performed. It is important that the documentation you provide can be tied back to the property for which you received funding. Including the property address on all invoices, estimates, and work orders is helpful and may be required by some HOCs. Check out the sweat equity invoice template in the [resource](#) section.



1. Include details about sweat equity in the scope of work.



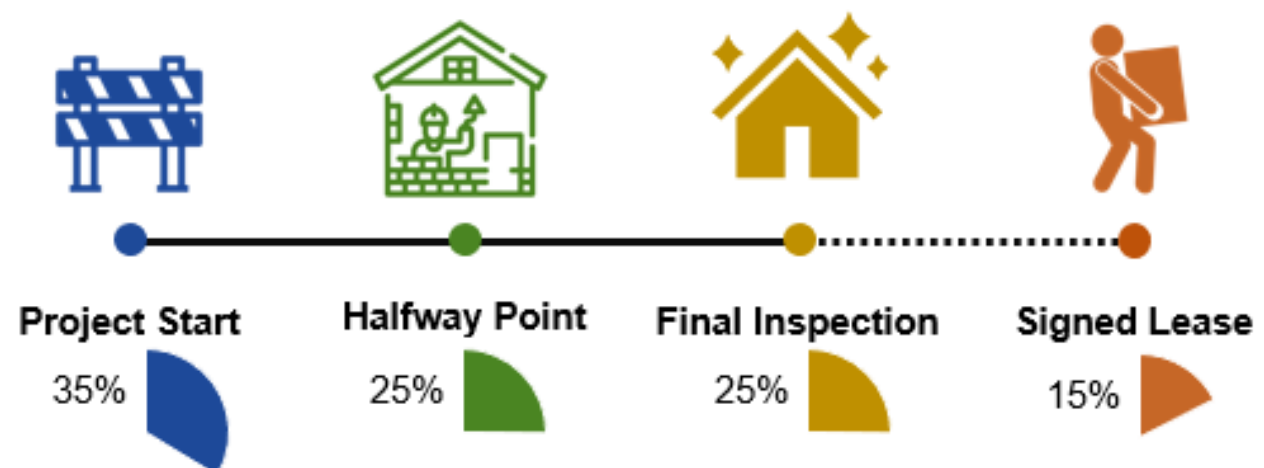
2. Perform and track the work you perform on the property.



3. Send a sweat equity invoice to your HOC for approval.

Follow the Forgivable Loan Disbursement Schedule

VHIP 2.0 funds are disbursed on a reimbursement basis at specific points during the project, so you will need to have the capital upfront to cover these expenses until you receive reimbursement. To receive reimbursement for the work on your VHIP 2.0 unit, you must submit invoices or receipts documenting the expenses. **Please ensure that these documents include the unit's address to ensure prompt payment.**



VHIP 2.0 forgivable loan funds are disbursed at four different points during the project:

- 35% when the project starts
- 25% at the halfway point of the project, subject to a midpoint inspection
- 25% upon satisfactory final inspection of the unit to ensure it complies with the agreed-upon scope of work
- 15% once all receipts have been shared with the HOC, all code and occupancy inspections have been completed, and a lease for the apartment has been signed

Choose Your VHIP Tenants for 5-Year Projects

To receive a 5-year loan, you agree to work with homeless service organizations, like Coordinated Entry (CE), to find a suitable tenant exiting homelessness for a minimum of 5 years. This means that when the project is complete and any time there is turnover, the property owner must contact their CE or other approved organization for a tenant referral. This is outlined in the Forgivable Loan Agreement that VHIP 2.0 participants sign and is an essential component of program compliance.

In addition to working with a homeless service organization, property owners may also lease to a household actively working with DHCD-approved organizations serving: immigrants or refugees, youth exiting foster care, survivors of domestic abuse, people exiting incarceration, people displaced by natural disaster or other approved agencies.

You can also establish a master lease, where you as an organization hold the lease to your VHIP unit(s), and agree to lease them to specific tenant groups as part of your organization's efforts. You must submit master lease proposals in writing to the Department of Housing and Community Development for approval. The organization that holds the master lease must explicitly state that the unit(s) will be used in service of the populations listed above as VHIP tenants.

Your Homeownership Center will connect you with the Coordinated Entry or other homeless service organization for your area to get referrals for your unit(s). The referral request form has four pages:

- **Page 1:** Cover letter to the organization to be completed by the HOC.
- **Page 2:** Referral Request Form to be completed by the Property Owner with HOC assistance. This page will require details about the unit location, rent, and additional information about the property's policies.

Upon completion of Pages 1 & Page 2, the form will be sent to the referring CE organization, along with a copy of the blank Common Rental Application for Housing in Vermont.

- **Page 3:** Referral Verification Form that will be completed by the organization and shared with the property owner and HOC. This page will contain information about the referred tenants or state that an acceptable referral is not available at this time. A completed Common Rental application will also be completed by the prospective tenant and shared with the HOC and property owner. If no referral is available, please review the next section on seeking a waiver.
- **Page 4:** Coordinated Entry and other listings provided as a reference. It contains information about which CE organizations served various counties and towns throughout Vermont.

Note that VHIP 2.0 participants must accept housing vouchers to cover some or all the rent.

Guidelines for Choosing Tenants From Homeless Service Referrals

5-year VHIP participants have agreed to accept tenants exiting homelessness, or with similar vulnerabilities. You must adhere to all Fair Housing requirements when choosing tenants. It is understood and expected that tenants in these situations will often not have stellar references or credit scores, or perfect income or rental histories. A VHIP 2.0 landlord who repeatedly rejects average applicant referrals in contradiction to the following standards will be encouraged to either: take one of the existing referrals, or convert their 5-year Covenant or Forgivable Loan Agreement to a 10-year Forgivable Loan Agreement.

Criminal history

You may run background checks on potential tenants at your expense. Only actual convictions may be considered when assessing fitness for tenancy.

VHIP only considers the following criminal offenses as potentially disqualifying:

- Violent crimes/Crimes Against the Person (10-year statute of limitations)
- Property damage crimes (5-year statute of limitations)
- Drug manufacture/commercial level distribution (no statute of limitations)

References

Lack of references is not disqualifying on its own. Many people exiting homelessness will have a spotty or nonexistent rental history, and may be unable to provide good references.

Landlords can request that a tenant receive a certificate for the CVOEO Tenant Skills class OR the three Preferred Renter Certificate Program renter courses: Tenant Skills, Finding Housing, and Sustaining the Rent. Courses are offered once a month each as an interactive class Zoom (recommended format) or on demand online. Schedules and signups are at: Renters Workshops — CVOEO.

Tenants will receive a certificate to count as a good reference in lieu of traditional references or to remediate references that indicate a history of nonpayment or unintentional damage. If this request is made, sufficient time to complete the series should be provided.

Ideally, CE should have clients take this class before they apply to be VHIP tenants.

Incomplete Applications

If you find uncompleted rental application fields to be problematic, you are expected to ask the applicant to complete the application/provide the missing information or an explanation as to why there is no information to provide for that field. You may request that incomplete fields be filled within 10 days of such a request, and if the applicant does not comply within that time period, use this as a reason to reject an applicant. You must document this request.

Reasonable ability to pay

Fair Market Rent is not low rent, and applicants will often be spending more than the comfortable 25% or 30% of their gross income on rent. You could consider charging less than FMR to applicants. If that isn't possible, allowing rent to comprise up to 40% of the renter's monthly gross income is considered feasible by VHIP. If the tenant(s) can demonstrate ability to pay the rent at that percentage of their income, they cannot be rejected for tenancy based on ability to pay.

Ability to pay can be verified with any of the following that are applicable, or other documents that you find helpful. You may not restrict which documents may prove income (ie, may not say you only accept bank statements or pay stubs):

1. Income Statement (W-2)
2. Miscellaneous Income (1099-MISC)
3. Bank Statements
4. Pay Stubs
5. Employment Verification for Apartment Renting
6. Federal Income Tax Return (IRS1040)
7. Social Security Benefits Statement
8. Workers' Compensation Letter
9. Bonus and Incentive Payments
10. Unemployment Letter
11. CPA letter of income
12. Profit and loss statement
13. Court-ordered agreements

Credit History

Landlord may run a credit check on applicants at landlord's expense. Landlords must accept credit scores of 500 and above.

Pets/Smoking

Landlord may choose to whether to accept applications of tenants who own pets or who smoke.

Landlord Relief and Eviction Prevention Programs

The Vermont State Housing Authority administers the Landlord Relief and Eviction Prevention Programs. The Landlord Relief Program provides an incentive and added security to landlords statewide who house Vermonters receiving rental assistance or are homeless. This includes VHIP landlords with 5-year loan projects.

[Landlord Relief Program - VSHA Landlord Relief Program](#)

The program offers up to \$5,000 per tenant, up to two tenants, for a maximum of a one-time only of \$10,000 per unit for:

- Prorated cost to hold the unit for a future program-eligible tenant, limited to two months of rent.
- Prorated cost for loss of rent from a vacancy due to repairs needed (that exceed normal wear and tear), limited to one month of rent.
- Qualifying damage caused by a tenant.
- Rent associated with the early termination of the lease by a tenant, limited to one month of rent.

Landlord Relief Program Requirements

- A formal lease with a household receiving any form of rental assistance or with a household who was experiencing homelessness prior to tenancy.
- Regular inspections have been performed, and will continue, on the property and unit.
- All other funding options available have been exhausted, including the security deposit.
- The unit follows local and/or state inspection, health and safety, and registration requirements.
- The lease meets rental affordability guideline [VHFA Rent Thresholds](#)

Landlords agree not to evict, or pursue legal action against, the tenant based on items addressed using funds from the claim. Landlords who are already in the eviction process or moving toward eviction for non-payment of rent are eligible to apply for the **Eviction Prevention Program**.

The Eviction Prevention portion of the Landlord Relief Program allows for landlords who are in the eviction process to apply for non-payment of rent in order to save sustainable tenancies.

- The fund shall disburse only the amount necessary to cure the tenant's rent arrears:
 - The maximum amount of rent arrearage is \$10,000.00 for 1- or 2-bedroom units; for larger units the rent arrearage cap is \$15,000.00.
- If necessary, court costs and attorney's fees (attorney fees are capped at an additional \$5,000).
- Other Costs Related to Eviction Prevention: minor damages etc. (capped at an additional \$5,000)
- The fund is available on a first-come, first-served basis to eligible tenants until the fund is exhausted.
- Funds will be prioritized for applicants not eligible for HOP or similar programs administered by the Office of Economic Opportunity through Community Action Agencies or other non-profit entities. If tenants are at 40% of AMI or below, they must show/attest that they applied for alternate funding and were denied.

Obligations to Receive Eviction Prevention Funds

- Late fees will be waived.
- No new eviction action for non-payment of rent will be taken for a period equal to the number of months covered by the loan, or up to 6 months, whichever is less. There will be a requirement to start a new lease.
- Landlords will not be prohibited from evicting for reasons related to Material Non-Compliance as defined in the HUD MULTI FAMILY Occupancy Handbook. These items include:
 - Fraud
 - Repeated Minor Violations
 - Drug Abuse and Other Criminal Activity
 - Material Failure to carry out obligations under a State and Tenant Act
- New eviction actions will not be taken while an application is pending with VSHA.

Any pending termination of tenancy, and any pending court case for eviction will be dismissed once funds are awarded.

Move Forward if a Suitable Tenant Exiting Homelessness is Not Identified

If no tenant is identified through these processes, the property owner may submit a waiver request to the Department of Housing and Community Development (DHCD). If the waiver request is accepted, the property owner must lease the unit to a household with an income equal to or less than 80 percent of the area median income, or if none are available, to another household with the approval of DHCD.

Know When a Waiver is Acceptable

VHIP 2.0 participants may seek a waiver to seek tenants outside of homeless service organization referrals if they fail to provide a suitable tenant option within four weeks of project completion, or three weeks after the unit has been vacated during the five-year compliance period.* This waiting period may be waived at the discretion of the Department of Housing and Community Development (DHCD) for tenants referred by organizations serving other vulnerable populations, such as the U.S. Committee for Refugees and Immigrants (USCRI).

Your HOC can provide a waiver request form, which will be reviewed by DHCD and approved or denied, depending on the documentation provided and the reason for the request. When the VHIP 2.0 project is first completed, you should work with your HOC to complete the waiver; however, at turn-over during the five-year compliance period, you can connect directly with DHCD (email waiver requests to VHIP@vermont.gov). Property owners are strongly encouraged to begin communication with the homeless service organizations, beginning with Coordinated Entry, before project completion, and property owners who can show they have done so will be more likely to have their waivers approved. If a waiver is requested before the end of the waiting period, it will be denied, and future requests for waivers will not be considered.

Acceptable reasons to request a waiver:

- The homeless service organization could not provide referrals within the waiting period.
- Prospective tenants can't demonstrate the ability to pay (only if there is no voucher) – VHIP 2.0 participants are required to accept housing choice vouchers.
- The unit size doesn't match the referrals. For example, the unit is a 1-bedroom, and the household has 4 members.

If the waiver request is accepted, the property owner must lease the unit to a household with an income equal to or less than 80 percent of the area median income, or if such a household is unavailable, to another household with the approval of DHCD.

Complete Yearly Recertification

Each year, the Department of Housing and Community Development requires you to recertify that you are complying with the program requirements, including:

- Charging at or below Fair Market Rent (FMR) for units that received VHIP 2.0 funding.
- **For 5-year projects:** If your unit had turnover within the last year, that you connected with a homeless service organization to find a suitable tenant or received approval from the Department to waive this requirement. Refer to the [waiver](#) section to learn more about when it is acceptable to request a waiver.

To simplify this process, all this information is captured in one yearly recertification form on the Department of Housing and Community Development's VHIP 2.0 [webpage](#) in the Fair Market Rent & Recertification dropdown menu. This form includes instructions on calculating FMR for your area, and the VHIP 2.0 webpage also has an FMR calculator to assist you with this process.

FMRs regularly published by HUD represent the cost to rent a moderately priced dwelling unit in the local housing market, including the cost of utilities related to housing. Any utilities the tenant pays for will require a utility allowance to be deducted from the Fair Market Rent base rate. HUD adjusts its Fair Market Rent rates annually, and a Fair Market Rent calculator can be found on the Department of Housing and Community Development's VHIP 2.0 [webpage](#).



Attention: Charging more than the HUD Fair Market Rent (FMR) for your area would violate the Forgivable Loan Agreement placed on your property. Violations may incur penalties including, but not limited to, repayment of rent charged over FMR. Please double-check your calculations to ensure you charge a monthly rent within the allowable range. If you have questions, please check out the FMR Calculator on our [website](#) or contact VHIP@vermont.gov.

Refinance

Most lenders will require a “Subordination Agreement” before refinancing a VHIP 2.0 project. This is a commonly used contract for real estate financing.

A “Subordination Agreement” is a contract to prioritize one debt over another for repayment.... The subordination agreement adjusts the priority of the new and older second mortgage to ensure that the refinancing lender gets paid first if a foreclosure happens....
(<https://www.nolo.com/legal-encyclopedia/what-subordination-agreement.html>)

Please reach out to VHIP@vermont.gov **BEFORE** applying for refinancing. The Department of Housing & Community Development can help walk you through the process, tailor a Subordination Agreement contract, and help coordinate the needed signatures so you can close on a refinance loan with fewer headaches.

Please contact DHCD with Subordination requests at least 15 business days before the completed forms are due.

Sell a VHIP 2.0 Property

If you want to sell a property that received VHIP 2.0 funding within the term of the forgivable loan or grant requirement, you must notify and receive approval from the Department of Housing and Community Development (DHCD). You can contact your Homeownership Center for a copy of the Sale Approval Template.

Here is an example disclaimer to include in your real estate listing:

This property has a covenant agreement that transfers to any new owner/s and is in place for 5 or 10 years from the date the property was placed in service.

At least one rental unit at this property was updated using Vermont Housing Improvement Program (VHIP) 2.0 funds. This funding requires that the unit remains a residential rental home with rent restrictions in accordance with Vermont Act 137 of 2020 and rent rates must be reported to the Department annually. Please contact the Vermont Department of Housing & Community Development at VHIP@vermont.gov for more information.

When a property is sold or transferred within this period, the new Property Owner will be obligated to abide by the Rent Stabilization Covenant or Forgivable Loan Agreement and work with the homeless service organizations to identify suitable tenants for the remaining term (if applicable). You must disclose this information when selling the property so the new owner is informed about the covenant or loan agreement on the property.

The purchase agreement should include the following: "Purchaser has read, acknowledges the terms of, and agrees to assume all requirements of the [Rent Stabilization Covenant / Forgivable Loan Agreement] encumbering the property."

The new owner will be responsible for maintaining these requirements and submitting the [yearly recertification](#) form for the remainder of the time the covenant or loan agreement is in effect.

Additional Resources

Documents

- [Vermont Common Rental Application](#) (fillable PDF) – VHIP 2.0 recipients are required to accept the Vermont Common Rental Application. This form will be included with any tenant referrals from homeless service organizations.
- [Sample Lease](#) – There is no requirement to use this sample lease. This is provided as an example for VHIP 2.0 recipients who may be new landlords and would like an example. You may use this sample lease in part or in its entirety as needed.
- [Rental Recertification Form](#) -VHIP 2.0 recipients are required to submit a recertification form attesting that they are complying with the program requirements, including charging at or below HUD Fair Market Rent and working with a homeless service organization at turnover, when applicable. This form can be found under the Fair market Rent & Recertification dropdown menu on [DHCD's website](#).
- [Sweat Equity Invoice Template](#) – This template is provided for property owners who have been approved to complete some of the work on their VHIP 2.0 unit for sweat equity.
- [VHIP 2.0 Scope of Work and Budget Template](#) – This template is provided for property owners to assist them with developing and organizing the budget for their VHIP 2.0 project.

[VHIP 2.0 Sample Temporary Relocation Notice](#) – This template is provided for property owners to assist them with draft a temporary relocation notice for their tenants.

Fair Housing

[Fair Housing](#) is the right to equal opportunity in the rental, sale, and financing of housing under federal, state and local laws.

The Federal Fair Housing Act was part of the Civil Rights Act of 1968, making it illegal to discriminate on the basis of race, color, religion, national origin, and sex. In 1988, Congress added familial status and disability to the categories protected under that law. Vermont's Fair Housing Act is similar to federal law with six additional protected categories: marital status, age, sexual orientation, gender identity, receipt of public assistance, and victims of abuse.

For applications to be accepted, VHIP 2.0 applicants must complete a short, interactive training on Fair Housing provided by Champlain Valley Office of Economic Opportunity's Fair Housing Project ([click here to register](#)).

Resources

- [Vermont's Analysis of Impediments to Fair Housing](#)
- [Housing Discrimination in Vermont Rental Markets](#)
- [CVOEO's Fair Housing Project](#)
- [Vermont Human Rights Commission](#)
- [Vermont Legal Aid, Inc.](#)
- [Vermont Center for Independent Living](#)

Tenant-Landlord Laws

Renting is a two-way street. A successful rental relationship is much more likely when renters and owners understand their rights and responsibilities. Our [Landlord Tenant Education Materials](#) will help landlords and tenants understand everything they need to know about renting a home in Vermont.

VHIP applicants are asked to watch a brief video from the Vermont Landlord Association on their Landlord-Tenant Mediation Program. ([click here to watch](#))

Appendix

A1. Vermont homeless service and refugee organizations by County and Town

- Addison County (all towns) - **Charter House Coalition**
- Bennington County (all towns) - **BROC Community Action; ECDC** refugee resettlement agency
- Caledonia County (except Hardwick) & Essex County towns (East Haven, Granby, Guildhall, Lunenburg, Victory & Concord - **NEKCA (St. Johnsbury)**
- Chittenden County (all towns) - **CVOEO (Burlington)**
- Franklin County & Grand Isle County (all towns) - **CVOEO (St. Albans)**
- Lamoille County (plus Hardwick) - **Capstone Community Action (Morrisville)**
- Orange County (all towns), plus the following Windsor County towns (Bethel, Rochester, Stockbridge, Barnard, Hartford, Hartland, Norwich, Pomfret, Royalton, Sharon, Bridgewater & Woodstock) - **Upper Valley Haven (White River Junction)**
- Orleans County (all towns) - **NEKCA (Newport)**
- Rutland County (all towns) - **Homeless Prevention Center**
- Towns of (Stratton, Jamaica, Townshend, Athens, Westminster, Brookline, Wardsboro, Newfane, Putney, Somerset, Dover, Dummerston, Wilmington, Marlboro, Brattleboro, Whitingham, Halifax, Guilford & Vernon) - **Groundworks Collaborative**
- Windsor County towns (Andover, Baltimore, Cavendish, Chester, Ludlow, Plymouth, Reading, Springfield, Weathersfield, Weston, West Windsor & Windsor) plus the following Windham County towns (Grafton, Londonderry, Rockingham & Windham) - **Springfield Supported Housing Program**
- Washington County (all towns) - **Capstone Community Action (Barre); CVRAN (Central Vermont Refugee Action Network)**
- Statewide - **USCRI (United States Committee for Refugees and Immigrants) Statewide**