



ACCESSORY DWELLING UNIT (ADU) FREQUENTLY ASKED QUESTIONS

What is an Accessory Dwelling Unit?

Vermont's Planning Act (24 V.S.A 4412) defines an Accessory Dwelling Unit (ADU) to mean "*a distinct unit that is clearly subordinate to a single-family dwelling, and has facilities and provisions for independent living, including sleeping, food preparation, and sanitation*"

Are there different types of ADU's?

An ADU can be internal: built within the existing building envelope, it can also be created as an addition to the primary home or built as a detached structure on the same lot as an existing home such as a backyard cottage.

Are new, detached units allowed?

Yes, provided the ADU meets all local zoning/permit requirements and guidelines.

Are additions that change the footprint allowed?

Yes, provided the ADU meets all local zoning/permit requirements and guidelines.

How much does it cost to create an ADU?

Internal ADU's usually cost between \$30k and \$60k, while new backyard cottages and additions can cost between \$100-200k.

Are grant funds available to create an ADU ?

VHIP-ADU offers grant funding to create an accessory dwelling unit (ADU) in an owner-occupied single-family property.

What is the grant funding limit for VHIP-ADU?

Owner-occupants of a single-family property can apply for a grant of up to **\$50,000** for the creation of an **accessory dwelling unit (ADU)**.

Are additional grant funds available?

VHIP-Healthy Homes Initiative provides a supplemental grant to fund the installation of water-related high-efficiency devices, new water systems, (wells and septic systems), and water efficiency improvements. Funding amounts for the VHIP-HHI range from \$500 up to \$30,000 per property. An adjunct application is required and is available through your local HOC.

What type of work can be completed with VHIP-ADU funds?

VHIP-ADU funds can be used to facilitate unit construction include structural, roofing, siding, windows, doors, electrical, plumbing and HVAC work.

Who determines the scope of work?

The property owner should apply with a basic idea of the work that needs to be completed to create the ADU. The completed ADU must comply with Vermont Rental Housing Health Code guidelines. The Homeownership Center, (see [last page](#) for contact info for the HOC serving your area) you are working with will conduct a site visit to verify that the scope of work meets program guidelines and identify any other items that may need to be addressed.

Who selects the contractor?

The property owner must select the contractor and have a contract that ensures project completion within 18 months of signing the grant agreement.

What role do building codes and local officials play in developing the scope of work and permitting for my ADU project?

Completed accessory dwelling units must comply with the Vermont Rental Housing Health Code and local ordinances. The town health officer and regional Division of Fire Safety officer are willing to inspect your accessory dwelling unit to help make sure you don't overlook any provisions of the VT Rental Housing Health Code and other life-safety codes when you are developing the scope of work for your project. You should anticipate that these code officials will inspect your property when the project is complete and approve it for occupancy, so it will be to your benefit to work with them from the start on developing the scope of work and obtaining the proper permits.

Are there additional eligibility requirements?

Additional requirements for the **property owner** include:

- Being current on their property taxes and mortgage payments.
- Matching at least 20% of the grant funds. An "in-kind" match or deferred match timeline may be approved at the discretion of the Homeownership Center overseeing project management.
 - For example, if the property owner receives \$30,000 in grant funds, they would need to contribute \$6,000. If they receive \$50,000 in grant funds, they would need to contribute \$10,000.

- Renting the unit at or below HUD Fair Market Rents (FMR) for the appropriate County (published annually) or at a rate allowed by a recognized housing assistance voucher. This must continue for at least five years, and the property owner must sign a Rent Stabilization Covenant outlining this.
- Property owners may use their preferred selection criteria in accordance with Vermont's residential rental laws.

Can the ADU be rented to a family member or friends?

The ADU can be rented to a family member or friend at or below the HUD Fair Market Rents for the appropriate County.

What is the deadline for construction?

Construction should be completed, with the unit ready for occupancy, no later than 18 months from the date the VHIP-ADU grant agreement was signed.

What happens if I don't meet this deadline?

If construction is not completed by the deadline, you will forfeit the undisbursed remainder of the grant funds.

How is the amount of VHIP-ADU Grant Funding received by a property owner determined?

Property owners are required to submit a detailed scope of work and budget with their application for VHIP-ADU grant funding.

What requirements must the property owner meet to receive reimbursements for VHIP-ADU work?

Property owners must submit itemized invoices for eligible materials and completed work to be reimbursed for those costs.

What is the Payment Schedule for reimbursements?

VHIP-ADU Grant funds will be disbursed on the following schedule:

- 25% distributed to commence the project
- 25% distributed at the half-way point of the project and is subject to Owner returning the fully executed and notarized original Subsidy Covenant to the Grantor Homeownership Center to record in the applicable land records.
- 30% will be distributed upon satisfactory final inspection of the project's Scope of Work as agreed upon with Grantor Homeownership Center
- 20% once all receipts have been shared with CHAMPLAIN HOUSING TRUST, all code and occupancy inspections have been completed, and a lease for the ADU has been signed.

Can VHIP-ADU reimburse owners for previously completed work or work underway?

No reimbursement is available for completed work or for units that are still under construction.

However, for applications received after September 30, 2022, project costs towards the 20% match requirement and reimbursements up to the amount of the Grant Agreement will only be deemed eligible for work performed on the unit after the date a complete VHIP-ADU application has been received by the Homeownership Center.

What are the program compliance requirements?

Property owners must comply with all guidelines and parameters of the Vermont Housing Improvement Program as contained in the VHIP-ADU Eligibility Application. Completed ADU's must comply with the Vermont Rental Housing Health Code and local ordinances.

How Do I Apply for a VHIP-ADU Grant?

Please contact your local Homeownership Center to learn more about VHIP-ADU and receive application assistance.

- **Champlain Housing Trust** – Chittenden, Franklin, and Grand Isle Counties
- **Downstreet Housing & Community Development** –Lamoille, Orange, and Washington Counties
- **NeighborWorks of Western Vermont** – Addison, Bennington, and Rutland Counties
- **RuralEdge** - Caledonia, Essex, and Orleans Counties
- **Windham & Windsor Housing Trust** – Windham, and Windsor Counties

For further information please visit the VT Agency of Commerce & Community Development's Accessory Dwelling Unit (ADU) webpage at:

<https://accd.vermont.gov/housing/planning/adu>