

VHFA
Housing Investment for Vermont (HIVE) –
PERMANENT GAP LOAN
TERMS & CONDITIONS

ELIGIBLE PURPOSES: Long-term gap financing for multifamily affordable rental projects, including new construction, acquisition, or substantial rehabilitation / preservation.

Projects leveraging the Housing Investments for Vermont (HIVE) will provide VHFA a first opportunity to serve as the permanent lender on the project. Current rates and terms for VHFA financing can be found [here](#) or at vhfa.org/rentalhousing/developers.

ELIGIBLE USES: Use as a first mortgage or as a second mortgage with VHFA as senior lender.

ELIGIBLE BORROWERS: Borrowers must demonstrate experience and capacity for developing and/or managing affordable housing per VHFA's Underwriting Standards.

ELIGIBLE PROJECTS: Projects that either 1.) qualify for housing credits under section 42 of the IRS code (Low Income Housing Tax Credits), or 2.) have a minimum of 50% affordable units serving households below 80% AMI and affordability not to exceed 120% AMI for market rate units.

INTEREST RATE: Based on the Agency's analysis and underwriting. Projects cashflow will be analyzed for repayment ability and rate tolerance. Projects shall assume a 3.5% Interest Rate and work with VHFA staff to review repayment capacity for the project.

MAXIMUM LOAN AMOUNT: Lower of: Per-project limit of \$400,000 of HIVE funds; or not to exceed a 25:1 ratio of HIVE as a portion of total development costs for the project

CLOSING COSTS: Standard fees for a permanent loan closing include:

- Application fee (waived if VHFA is the senior lender)
- Origination fee (waived if VHFA is the senior lender)
- Documentation Fee

Current fee amounts are available [here](#) or at vhfa.org/rentalhousing/developers.

TERM: Terms subject to determination of project need by VHFA staff, but shall not exceed 30 years. Loan terms will generally be matched to a first mortgage or other funding terms. Loans may be interest only or fully amortizing based on the Agency's analysis and underwriting.

LOAN TO VALUE: Combined Loan to Value may not exceed 95% of appraised value or cost (combined with senior loan and other secured forms of funding), whichever is less for for-profit developers. Combined Loan to Value Ratio may not exceed 100% of appraised value or cost (combined with senior loan and other secured forms of funding), whichever is less for non-profit developers. See [VHFA's Multifamily Underwriting Guidelines](#) for full details.

**SECURITY / LIEN
POSITION:**

Best obtainable position, subordinate position is permitted.

**COVENANTS /
RESTRICTIONS**

Affordability restrictions and covenants may also be required. Inquire with staff for details as part of a project application and review.

**APPLICATION
PROCESS:**

On a rolling basis.

Applicants are invited to seek HIVE as a funding source in their proposed development transaction. Applicants are encouraged to exhaust all potential sources of development funds prior to applying for support through the HIVE. The proposed use of funds should meet the HIVE's goals and mission, and VHFA will prioritize unique and innovative proposals that expand high quality housing choices for low- and moderate-income Vermonters.