



PO Box 827
Montpelier
Vermont 05601-0827
802.223.1448
investinvermont.org

CTE CONSTRUCTION AND REHABILITATION REVOLVING LOAN FUND

Background

In July of 2022, Act 183 was passed into law appropriating funds from the Vermont Education Fund to establish the CTE Construction and Rehabilitation Experiential Learning Program and Revolving Loan Fund for the benefit of high school and adult Continuing Technical Education (CTE) students. The Vermont Housing & Conservation Board (VHCB) and the Vermont Community Loan Fund (VCLF) have partnered to administer this fund.

VCLF will lend to any individual Vermont CTE Center or their Vermont Housing or Community Partners up to \$650,000 with potential for supplemental loans at 0% interest for terms up to 7 years.

These loans may be partially forgivable in projects which result in the creation of permanent affordable housing.

Purpose

1. To provide funding for projects from the amounts available in the Fund in the form of zero-interest loans.
2. Expand the experiential and educational opportunities for high school and adult CTE students to work directly on construction projects.
3. Improve property values while teaching high school and adult students trade skills.
4. Expand affordable housing access to Vermonters in communities throughout the State.
5. Beautify communities and rehabilitate buildings that are underperforming assets.
6. Build community partnerships among CTE centers, housing organizations, government, and private businesses.

Loan Structure

1. Loans up to \$650,000 at 0% interest with no payments due until maturity.
2. Loans mature upon completion of the project with a maximum term of 7 years. Extensions may be considered.
3. Security will include a mortgage on the property.
4. Financing up to 100% of the development costs.
5. Loans to be 100% repaid at maturity subject to rules of forgiveness for permanently affordable housing and student and instructor wages occurring outside of normal school hours and budget.

Proposals

1. A regional CTE center, working in collaboration with one or more housing and/or community partners, private businesses, nonprofit organizations, or municipalities, shall identify construction projects that would be relevant and appropriate for CTE students enrolled in construction, electrical, plumbing, design, business management, or other CTE programs, including:
 - a. Rehabilitation of residential properties that are blighted or not code-compliant.
 - b. New residential construction projects or improvements to land in cases of critical community need.
 - c. Commercial construction projects that have substantial community benefit.
2. Prior to or during the application process, a CTE center and its partners shall identify and consider other potential funding partners to leverage amounts available through this Fund.

Application

1. Outline the educational benefits for students and fit with the CTE curriculum;
2. Describe the community benefits for the neighborhood, municipality, or region in which the project is located; and
3. Identify partners with whom the CTE center is collaborating and the respective responsibility for the aspects of a project, including:
 - a. educational instruction and academic credit;
 - b. project management;
 - c. insurance coverage for students and the property;
 - d. compensation and benefits, including compliance with labor laws, standards, and practices; and
 - e. property acquisition, ownership, and transfer.
4. Construction Budget, including a projected draw schedule.

Eligible Costs

1. A CTE center may use funding for, and shall specify in its application the allocation of costs associated with:
 - a. acquisition, design, permitting, construction, building materials, general contractor, marketing, and other building-related expenses.
 - b. costs for labor, including for student wages and for instructor compensation during the academic year as well as for summer or other work that is not otherwise budgeted during the academic year.

Eligibility Criteria

1. The project involves the rehabilitation of blighted or otherwise non-code compliant property, or new residential construction projects or improvements to land in cases of critical need, and results in a building with not more than four residential dwelling units.
2. The project includes a weatherization component.
3. Students working on the project receive academic credit, a competitive wage, or both.

Loan Forgiveness

Student and Instructor Wages & Transportation: For all projects, any student and instructor wages or transportation that is not otherwise budgeted during the academic year and are performed outside of normal school hours are eligible for additional forgiveness.

Permanent Affordable Housing: This loan may be partially forgiven in projects which result in permanently affordable housing. Loan Forgiveness will be based upon the following criteria:

1. If the home is sold to a low-to moderate income household (less than 120% area median income) with a mechanism for maintaining the affordability over subsequent sales, then the forgiveness shall be the difference between the loan amount and the sale price plus 20% of the loan amount. (loan amount – sale price + 20% of loan amount = forgiveness) (\$500,000 - \$300,000 + \$100,000 = \$300,000)
2. If the property is retained by the borrower or transferred to a nonprofit housing organization that will maintain the property as permanently affordable housing (less than 120% AMI), then forgiveness will be determined by the difference between the loan amount and an appraised value plus 20% of the loan amount.
3. If the property is already owned by the borrower and the loan is for construction related expenses only, and the resulting property meets the criteria for affordable housing as listed in sections 1 or 2 above, then forgiveness will be 20% of the loan amount.

CONTACT

Kevin Mudgett, CTE Program Manager
Vermont Community Loan Fund
7 School Street
PO Box 827
Montpelier, VT 05601
(802) 223-4429
kevin@vclf.org

Will Belongia, Executive Director
Vermont Community Loan Fund
7 School Street
PO Box 827
Montpelier, VT 05601
(802) 223-4428
will@vclf.org