



Vermont's Community and Housing Infrastructure Program (CHIP) **WEBINAR SERIES**

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Implementing CHIP: Rules, Requirements &
Readiness

Implementing CHIP: Rules, Requirements & Readiness



Toby Rittner, DFCP

President & CEO
Council of Development Finance Agencies
Columbus, OH

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Vermont's Community and Housing Infrastructure Program (CHIP) Webinar Series



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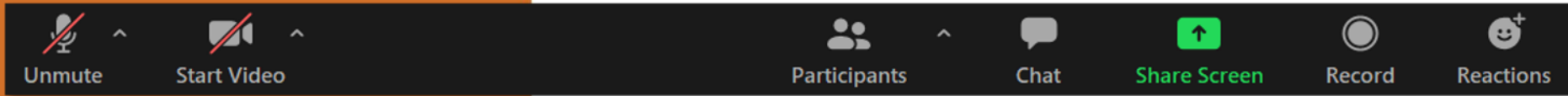
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Implementing CHIP: Rules, Requirements & Readiness



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Vermont's Community and Housing Infrastructure Program (CHIP) Webinar Series

Community and Housing Infrastructure Program (CHIP)

*Jessica Hartleben, Executive Director
Vermont Economic Progress Council*

Background

A statewide tax increment financing tool designed to help Vermont communities unlock housing opportunities by investing in critical infrastructure.

\$2 billion can be invested between now and 2035, one of the largest investments in infrastructure in Vermont history.

The target launch date is January 2026.

Additional Information

- accd.vermont.gov/economic-development/vepc/chip
- ACCD.CHIP@vermont.gov

Vermont Economic Progress Council (VEPC)

An independent board of Vermont citizens, nine appointed by the Governor and two appointed by the General Assembly. There are also two non-voting representatives from each region, one designated by the regional development corporation and one by the regional planning commission.

There are also three non-voting members for CHIP applications designated by VHFA, VHCB, and DHCD.

Approval body for the Vermont Employment Growth Incentive (VEGI) program, the Tax Increment Financing (TIF) program, and the Community and Housing Infrastructure Program (CHIP).

Eligible Projects

Infrastructure improvements that:

1)

Serve a public good...

And

...directly support the development of an eligible housing development.

2)

Must result in new or rehabilitated housing developments where at least 60% of the floor area of the projected housing development is dedicated to primary housing residences.

Or

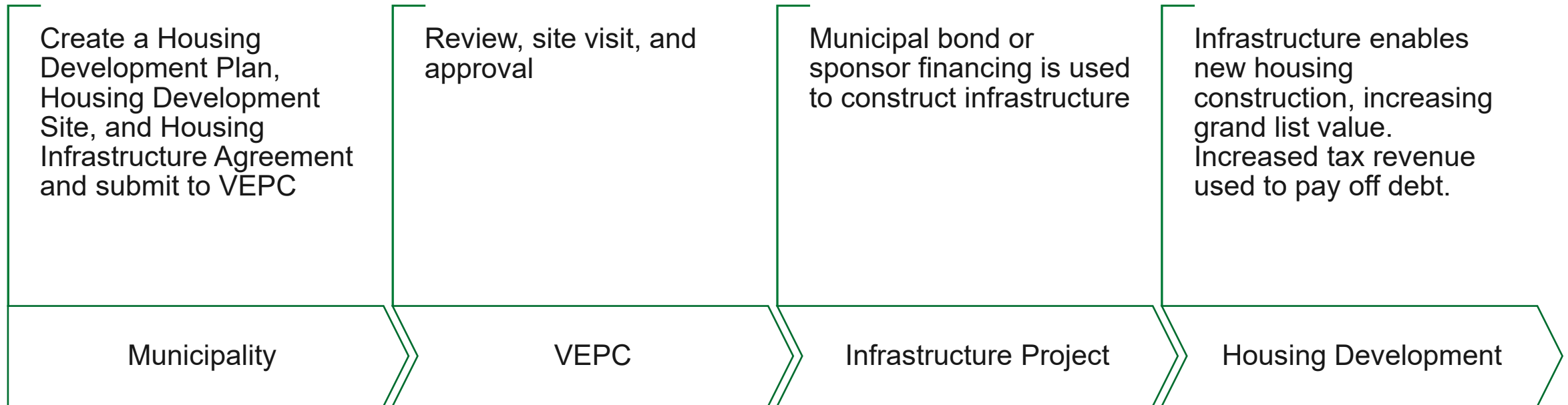
The projected housing development meaningfully addresses the purpose of the program.

Note:

- If the projected housing development does not meet the criteria for an affordable housing development, the project must meet the but-for test.
- While increment debt is being paid off, all housing units must be for primary occupancy.
- Applications will be accepted on a rolling basis until December 31, 2035.

Process

CHIP was established under 24 V.S.A. Chapter 53, Subchapter 7 to “encourage the development of new primary residences for households of low and moderate income across both rural and urban areas of all Vermont counties that would not be created but for the infrastructure improvements funded by the Program.”



Increment

| Housing Type | State Tax Retained | Municipal Tax Retained | Units Required | Area Median Income (AMI) Limit | "But For" Test |
|--|--------------------|------------------------|--|--------------------------------|----------------|
| Affordable: Rental (Total annual cost ≤ 30% of gross income) | Up to 85% | 85% to 100% | At least 15% of units must be affordable | ≤ 80% AMI | Not required |
| Affordable: Owner-Occupied (Total annual cost ≤ 30% of gross income) | Up to 85% | 85% to 100% | At least 15% of units must be affordable | ≤ 120% AMI | Not required |
| Moderate-Income | Up to 85% | 85% to 100% | At least 25% of units must be affordable | ≤ 150% AMI | Required |
| Market Rate | Up to 75% | 85% to 100% | N/A – No requirement | No cap | Required |

Municipal Responsibilities

- Submit CHIP interest form
- Provide notice of the housing development plan and the housing infrastructure agreement to the legal voters of the municipality
- Submit CHIP application and supporting documentation
- Host a site visit once VEPC staff confirms the application materials are complete
 - VEPC will make a final determination on the municipality's CHIP application within 90 days following the VEPC site visit
- Verify that developer and sponsor activities comply with what is outlined in the infrastructure agreement
- Ensure the infrastructure improvement was constructed as agreed upon by the sponsor and/or developer
- Confirm the total cost of the infrastructure project
- Validate the amount of education and municipal tax retained
- Fulfill annual reporting requirements and financial audits

Allowable Improvements

May include, but are not limited to:

- **Infrastructure improvements**
 - Utilities, such as power distribution and transmission lines and conduit, telecommunications lines and conduit, telecommunications towers, digital infrastructure, and power or telecommunications equipment; drinking water, wastewater, and storm water, infrastructure including: water sources; green and gray stormwater practices; distribution/collection and conveyance piping and pump stations; and treatment systems, facilities, and regulatory required pertinent equipment.
 - Thermal energy networks, waste heat recovery, and community-scale geothermal.
- **Transportation improvements**
 - Publicly accessible roads, streets, bridges, parking lots, facilities, garages, and structures, multimodal facilities, public transit stop equipment and amenities, street and sidewalk lighting, roundabouts, crosswalks and/or other pedestrian crossing treatments, traffic calming features, sidewalks, streetscapes, way-finding signs and kiosks; traffic signals, medians, turn lanes, and property acquired or used for right of way such as hiking and biking trails, pathways to facilitate multimodal transportation, bicycle and pedestrian lanes, paths, and bridges, street furnishings.
- **Site preparation**
 - Acquisition, demolition, environmental remediation of contaminated property, and mitigation of a flood-prone area.
- **Soft costs**
 - Consulting, design, architects, engineering, accounting, legal, project management, associated application fees, or other professional services directly related to the implementation and construction of eligible site improvements.

Related Costs

May include, but are not limited to:

- Cost of plans, studies, or reports
- Costs of providing public notification about, and obtaining public approval
- Costs such as consulting, design, architects, engineering, accounting, legal, project management, or other professional services incurred during preparation or implementation
- Application fees charged by VEPC for third-party analysis
- The CHIP-related costs of the independent annual municipal audit
- Municipal employee and staff costs directly related to the administration and implementation of the CHIP Site (these may only be paid with the municipal tax increment)

Infrastructure Agreement

This is a legally binding agreement among the municipality, sponsor (if other than the municipality), and developer that includes terms related to infrastructure financing, affordability, unit production, timelines, and performance assurances.

The agreement must:

- Identify the sponsor for the project.
- Identify the developer and housing development.
- Obligate the tax increments retained for financing and related costs for the infrastructure project.
- Provide that any housing unit within the housing development be offered exclusively as a primary residence until the Final Repayment Date. This condition shall be satisfied by providing a landlord certificate or homestead declaration every two years.
- Provide for performance assurances to reasonably secure the obligations of all parties under the housing infrastructure agreement.
- Include the expected outcomes, including the percentage of floor area dedicated to housing, the number of housing units, the number of affordable housing units, and the expected overall housing development value.
- Detailed description of the infrastructure improvement(s), the types of costs and amount of cost of the improvement that may be financed with CHIP debt, and that the developer must provide documentary evidence to substantiate that the costs are eligible to be financed with CHIP debt and the infrastructure improvement was constructed as agreed upon.
- A provision that expressly defines the obligations of the municipality and sponsor and/or developer in the event that the tax increment generated by the housing development project falls short of the financing of the CHIP debt.

Interest Form

The first step of the application process is to complete a brief online form to provide VEPC with a high-level overview of your project. This will help track program interest and anticipate incoming applications.

Complete the interest form:



Questions?

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Senior Consultant

White + Burke Real Estate Advisors, Inc.
Burlington, VT

Best Practices CHIP TIF Program

Brendan Heil
Of Counsel



Broad Goals

- Scope
 - Enabling statutes
 - Local preferences
- Objective and strategic goals
 - Feasibility studies
- Eligible vs non-eligible projects
- Standards for implementing and evaluating
- Process for considering, reviewing, and implementing agreements
- When is the use of TIF appropriate?

Transparency

- Clear link between the stated goals and the guidelines
 - Guidelines may provide efficiency, but they can also be seen as a hurdle by the market
- Who is making the decisions and implementing the policy?
- How are variances or change requests handled?
- How are issues addressed after implementation?
- Who is responsible for filings or reports?

Due Diligence

- Were stakeholder and public needs accounted for?
 - Balance with local control
 - Workable compromise
- Consistency of policy or guidelines with overlapping or nearby jurisdictions
- Information necessary for commencing TIF process and implementing TIF agreements
- Staff time, professional costs, oversight costs

Accountability

- Existing or statutory oversight structures
- Ensure clear oversight responsibilities
- Institutional knowledge/professional relationships
- Clear remedies for common problems and processes for handling novel issues
- Remedies beyond those provided just with TIFs

Housing Infrastructure Agreement

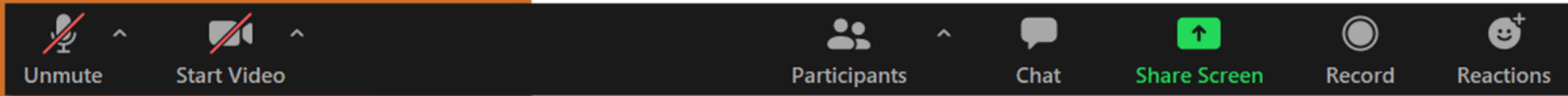
- Agreement between municipality, developer, and, if applicable, a third-party sponsor
- CHIP legislation has a number of requirements
- Best Practices:
 - Recording Agreement/Memorandum of Agreement
 - Require developer/sponsor to report on use of funds
 - Require private parties to provide annual reporting information
 - Primary Residence requirement
 - Default provisions – what happens if something goes wrong
 - Indemnification/ Risk Mitigation

Thank You



**Bricker
Graydon
Wyatt**

Audience Questions



**Submit your questions by
using the chat function!**



Implementing CHIP: Rules, Requirements & Readiness



Dominic Cloud

City Manager
City of St. Albans
St. Albans, VT

Community Transformation Through Housing Development

Dominic Cloud
St. Albans City Manager



Redstone
RENTALS

HERBAL SHOP



ST. ALBANS HOUSE

P
← PARKING GARAGE

St. Albans House

| | |
|-------------------------------|-------------|
| Original taxable value | \$75,000 |
| City grant | \$50,000 |
| City loan | \$100,000 |
| Developer borrowed | \$866,000 |
| State and federal tax credits | \$434,000 |
| 6 Market rate apartments | |
| 5,000 sf office | |
| Current taxable value | \$1,300,000 |



Kingman St

STATE OF VERMONT
DISTRICT COURT
FOR THE DISTRICT OF
WEST RUTHERFORD

FOR RENT





Courthouse Redevelopment

| | |
|--|-------------|
| Original taxable value | \$50,000 |
| City TIF | \$200,000 |
| Developer Spend | \$2,200,000 |
| State and federal tax credits | \$880,000 |
| 8 market rate apartments; 2 commercial units (vacant) | |
| Current taxable value | \$1,200,000 |









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ST. ALBANS
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Sudden Awareness

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WELCOME

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DOWNTOWN

SAINT ALBANS
BIENVENUE

Main St
Congress St

S & MAIN

CCV

SAINT ALBANS
DOWNTOWN

Congress and Main

| | |
|------------------------------|-------------|
| Original Taxable Value | \$1,404,800 |
| Tax Increment Finance | \$2,500,000 |
| City, State, Federal Sources | \$4,500,000 |

35 units of LMI housing
35 units of workforce housing
20,000 sf office / restaurant space

| | |
|------------------------|--------------|
| Current Taxable Value: | \$10,644,900 |
|------------------------|--------------|



Town of
St. Albans
City of
St. Albans



Lower Newton Street

New Multi-Use Pathway

New Public Street

20 ft Setback

20 ft Setback

A Wing

B Wing

Proposed Residential Building
4 Stories

Aerial Connector

Completed Commercial Building

"Cathedral Square"
Proposed Senior Housing
Residential Building

79 Spaces
(Including 6 ADA Spaces)

- KEY**
- ① Building Entry
 - ② Flexible Use/Open Lawn
 - ③ Retaining Wall
 - ④ Garage Entry/Exit
 - ⑤ Dog Walking Area

PARKING SUMMARY

| | |
|-------------------|-------------|
| EXTERIOR SPACES | 79 |
| INTERIOR BUILDING | 95 |
| TOTAL | 174 |
| RATIO | 2.00 |

DEVELOPMENT SUMMARY

| BUILDING | BUILDING FOOTPRINT | PARKING SPACES | UNITS | UNIT TOTAL |
|---------------|--------------------|----------------|-------|------------|
| A WING | 15,560 SF | | | 33 |
| Level 1 | | 29 | 11 | |
| Level 2 | | | 11 | |
| Level 3 | | | 11 | |
| Level 4 | | | 11 | |
| B WING | 23,050 SF | | | 54 |
| Level 1 | | 50 | 18 | |
| Level 2 | | | 18 | |
| Level 3 | | | 18 | |
| Level 4 | | | 18 | |
| TOTAL | | | | 87 |

UNITS: The proposed market rate apartment building is using 750sf - 1,200sf unit mix for a total of approximately 87 units (not including Cathedral Square).

BUILDING STYLE: The proposed building is a podium style building with parking on the ground level (Level 1). A-Wing and B-Wing have an aerial connector that is 3-stories the square footage for the aerial connector is calculated in A-Wing



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Cameron Hunt &
Melanie Hurrell
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Carmen Chabot Family Trust
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Gregory & Kimberly Douglas
VOL. 161, PG. 279
TAX MAP NO. 2205323

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Age Well, Inc.
TAX MAP NO. 2205328





Fonda Redevelopment

| | |
|--|--------------|
| Original Taxable Value | \$350,000 |
| Tax Increment Finance | \$1,000,000 |
| Other State and Federal Funds | \$5,000,000 |
| Senior Housing Developer | \$19,000,000 |
| Market Rate Developer | \$21,700,000 |
| 120 units of Senior, Mixed, and Market Housing | |
| Projected Taxable Value: | \$25,000,000 |



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BELLEVUE







Let's Connect!

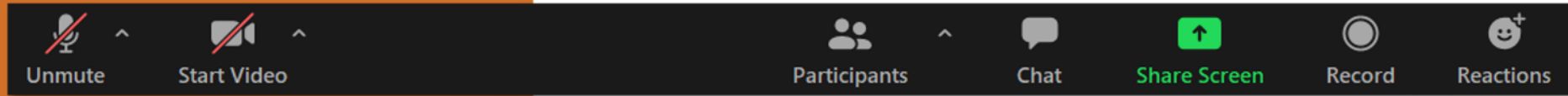
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January 20, 2026 / 2:00 PM - 3:00 PM Eastern

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January 23, 2026 / 1:00 PM - 2:00 PM Eastern

CDFA Winter Institute

February 23-27, 2026 / Daily: 11:00 AM - 5:00 PM Eastern

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