

S.127

Community Housing Infrastructure Program
(CHIP)

House Commerce Committee

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CHIP

Keep it simple

- ▶ One site
- ▶ One project (may be phased)
- ▶ No tracking of other properties
- ▶ No ongoing effort
- ▶ No “background growth”

CHIP

Usable for small towns

- ▶ Minimal setup
- ▶ Towns may use outside resources
- ▶ Option for developer to construct infrastructure
- ▶ Option for developer or third-party agency to finance
- ▶ Minimal administration
- ▶ No ongoing development effort

CHIP

Usable for small projects

- ▶ Example:
 - ▶ 4 units add \$200,000 value each
 - ▶ Assume tax rate of \$2.9595 at 80%
 - ▶ Will finance +/- \$240,000 infrastructure

CHIP

Ample Protections

- ▶ Housing infrastructure agreement.
- ▶ If town finances, agreement spells out protections.
- ▶ Option for developer or third-party to finance
 - ▶ No town debt!

CHIP

Growing Revenues

- ▶ Section § 1910c (d) (2) – excess incremental revenues are distributed to education and municipal funds
- ▶ Once all debt is issued, debt service will be known
- ▶ As tax rates increase – revenues will increase
- ▶ Unlike regular TIF districts: once revenues exceed debt service needs, excess will be available. No benefit to retaining for future.

CHIP

Grand List Growth

- ▶ Two types of growth:
 - ▶ Inflation in value
 - ▶ Investment creating new value
- ▶ Purpose of TIF & CHIP:
 - ▶ Stimulate investment

TIF & CHIP

Investment Growth Methodology

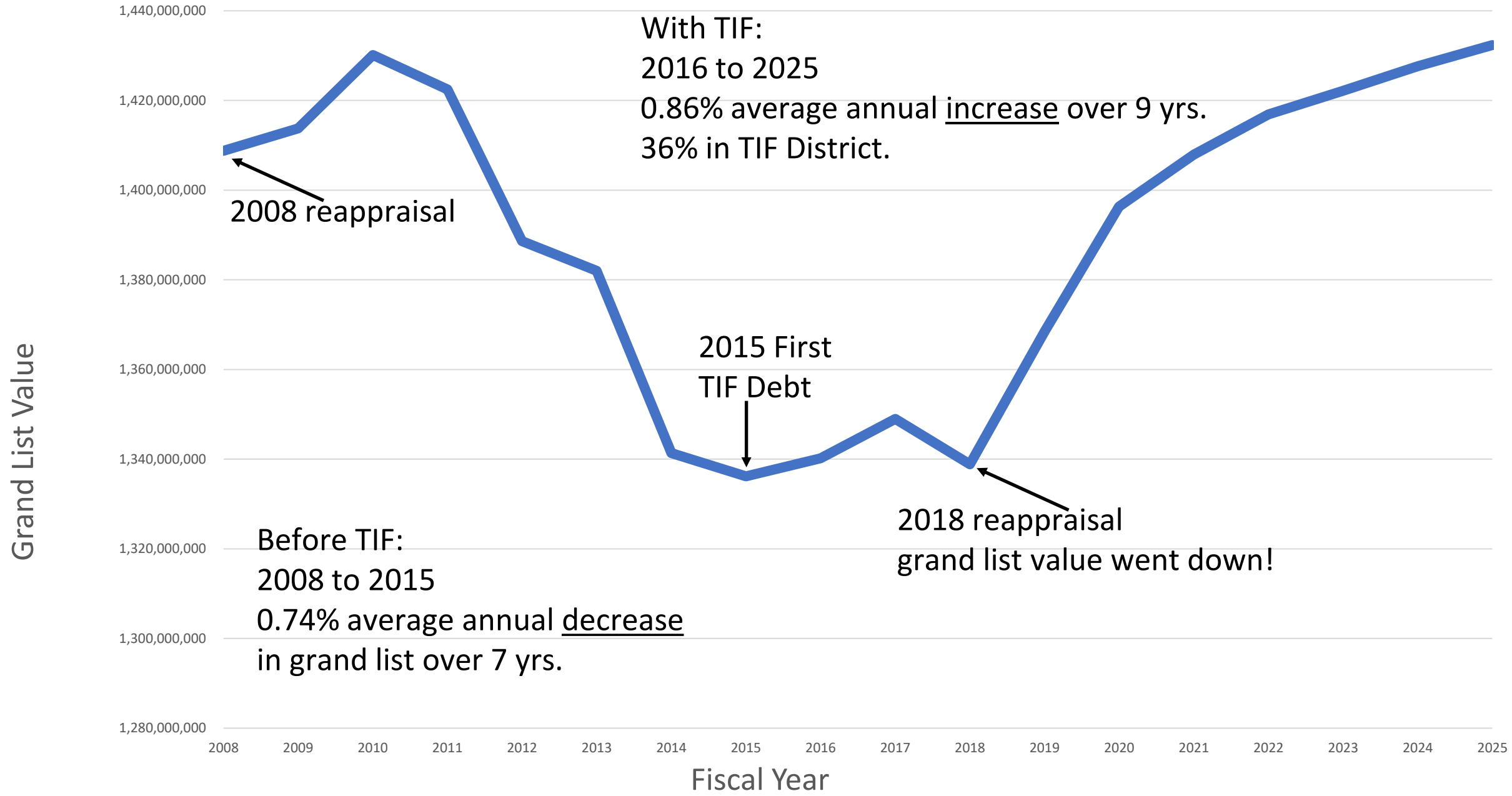
- ▶ Change in grand list from one reappraisal to the next
- ▶ Indicate investment growth without inflation in values

TIF & CHIP

Investment Growth

- ▶ Hartford and St. Albans
 - ▶ Grand list growth from investment
 - ▶ before & after TIF
 - ▶ TIF district growth
 - ▶ Increased Education Fund payments

Hartford City Wide Taxable Value FY 2008 to FY 2025



With TIF:
2016 to 2025
0.86% average annual increase over 9 yrs.
36% in TIF District.

2008 reappraisal

2015 First
TIF Debt

2018 reappraisal
grand list value went down!

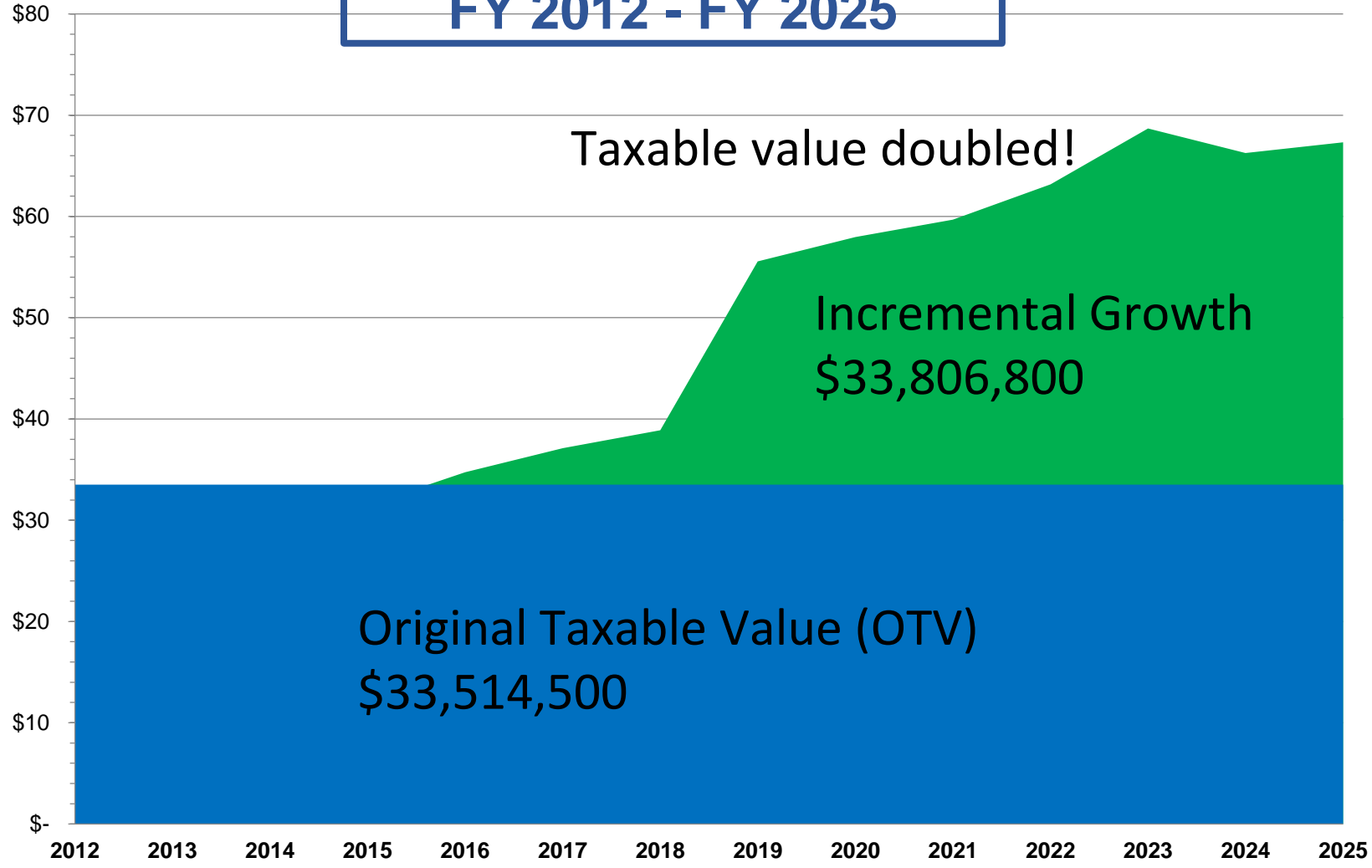
Before TIF:
2008 to 2015
0.74% average annual decrease
in grand list over 7 yrs.

Grand List Value

Fiscal Year

Hartford TIF District Increase in Taxable Value FY 2012 - FY 2025

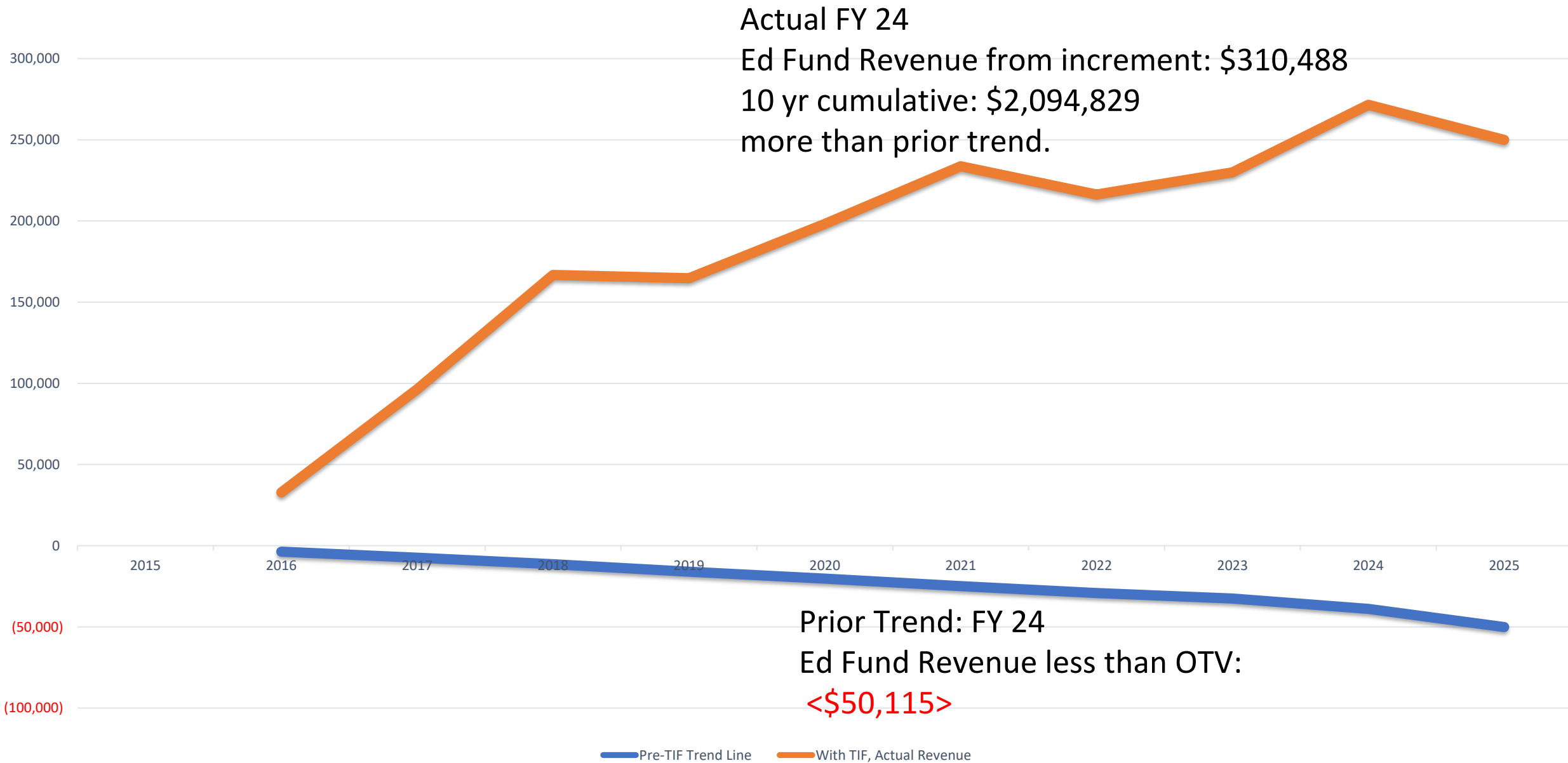
Taxable Value, in millions of dollars



■ TIF Taxable Value (Education) Per Annual Reports ■ Original Taxable Value (Education)

Hartford TIF

Actual \$ Paid to Education Fund VS Pre-TIF Trend



St. Albans
City Wide Taxable Value FY 2004 to FY 2025

Grand List Value

550,000,000
 500,000,000
 450,000,000
 400,000,000
 350,000,000
 300,000,000

FY2004 FY2005 FY2006 FY2007 FY2008 FY2009 FY2010 FY2011 FY2012 FY2013 FY2014 FY2015 FY2016 FY2017 FY2018 FY2019 FY2020 FY2021 FY2022 FY2023 FY2024 FY2025

Fiscal Year

2004 Reappraisal

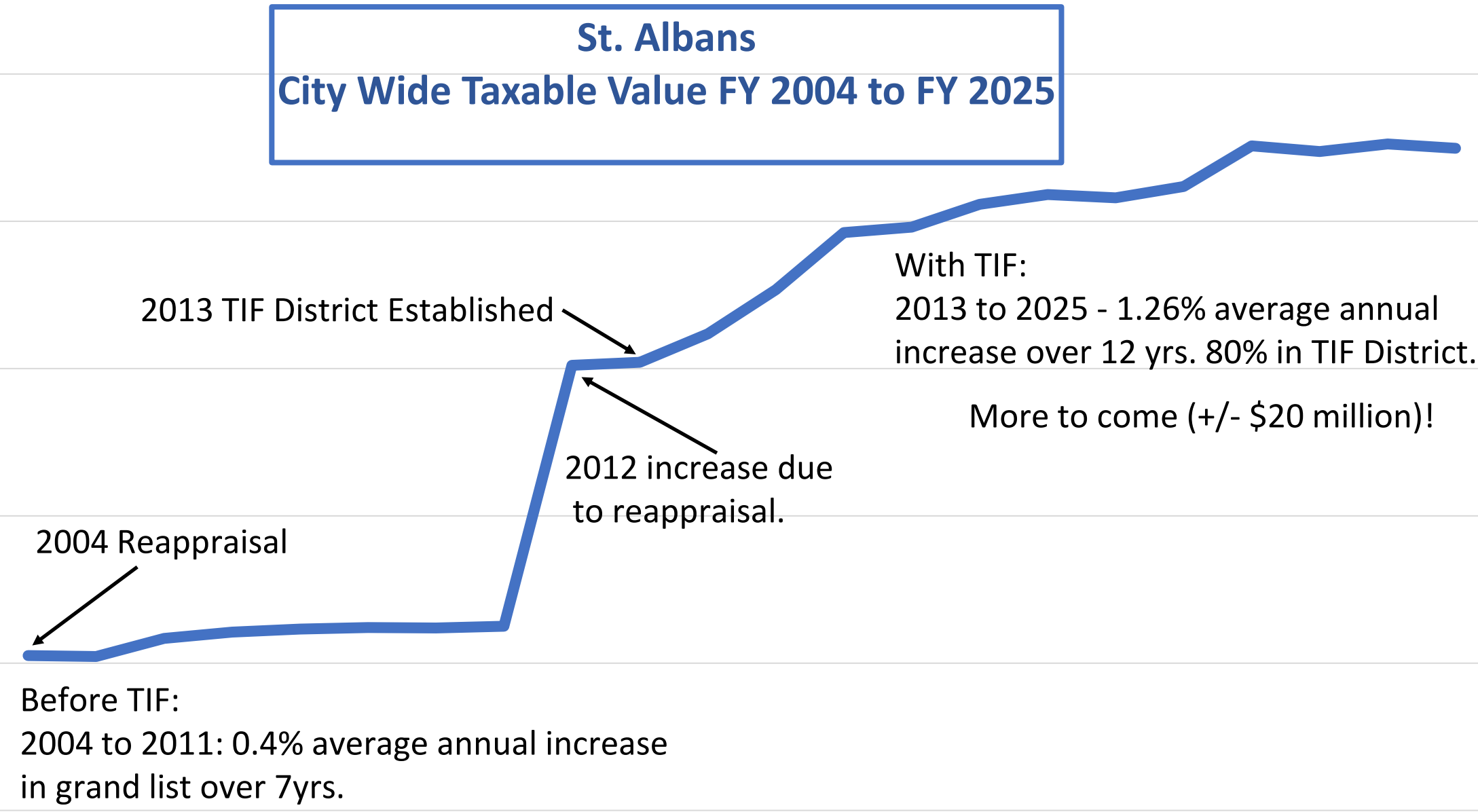
Before TIF:
 2004 to 2011: 0.4% average annual increase
 in grand list over 7yrs.

2013 TIF District Established

2012 increase due
 to reappraisal.

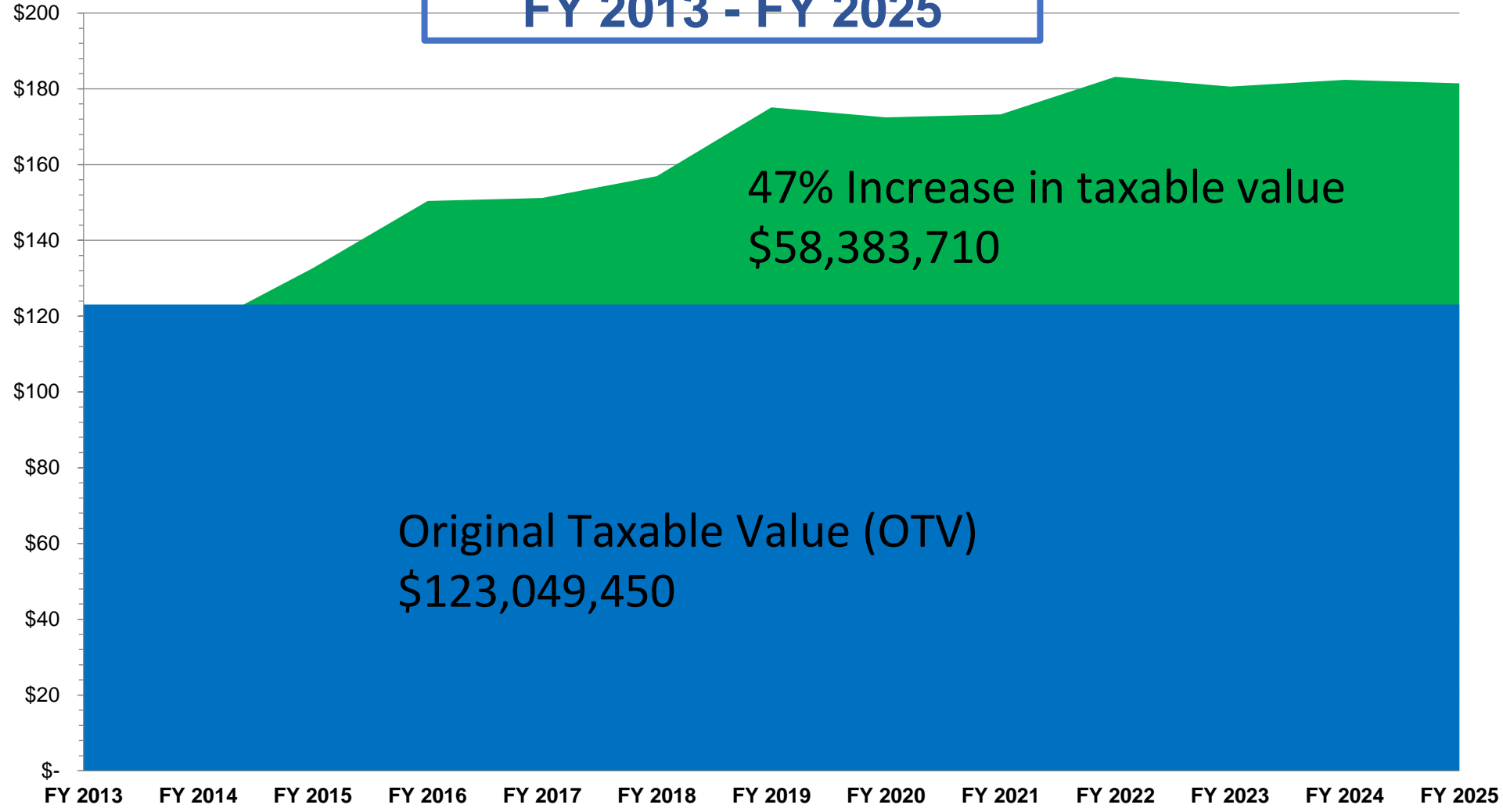
With TIF:
 2013 to 2025 - 1.26% average annual
 increase over 12 yrs. 80% in TIF District.

More to come (+/- \$20 million)!



St. Albans TIF District Increase in Taxable Value FY 2013 - FY 2025

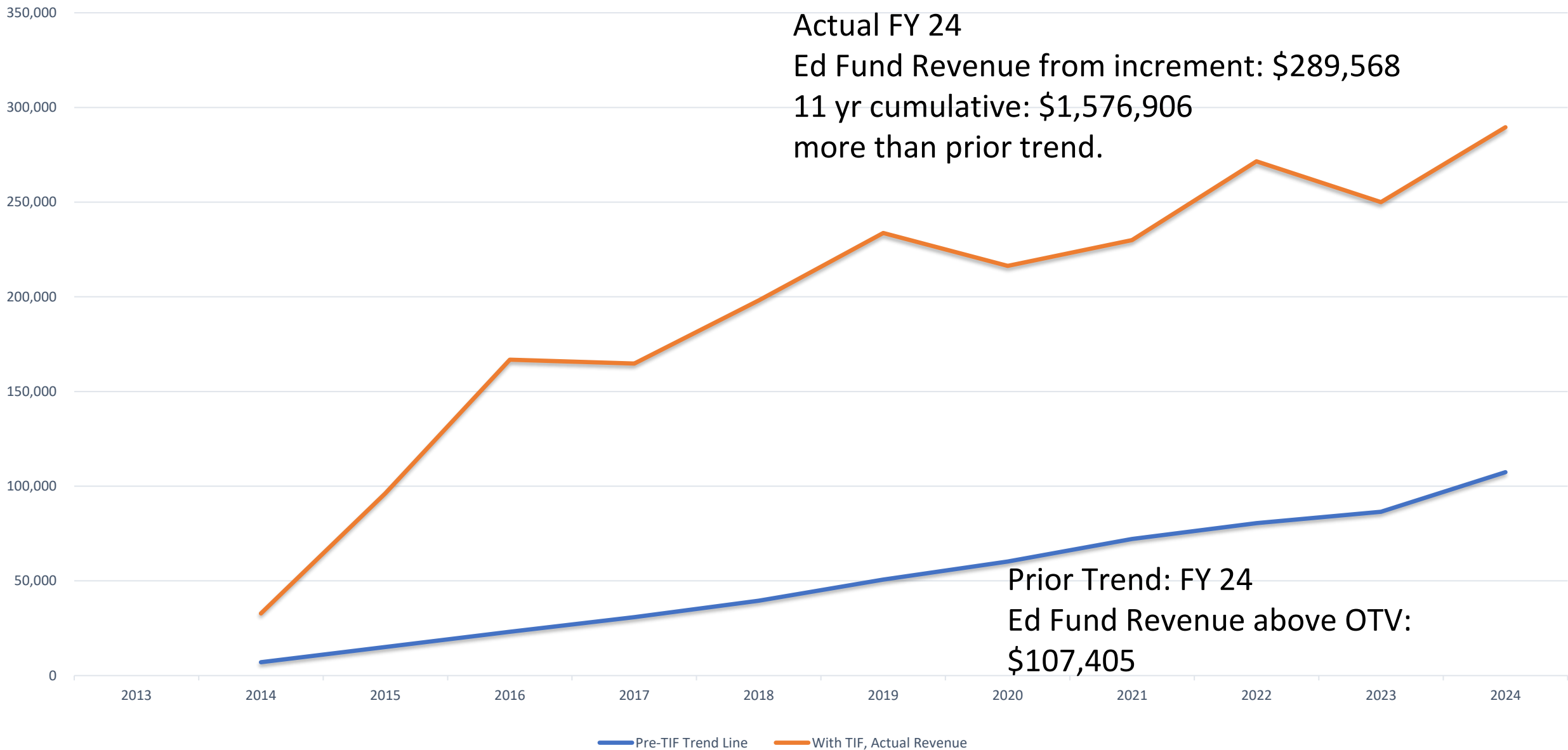
Taxable Value, in millions of dollars



■ TIF Taxable Value (Education) Per Annual Reports
 ■ Original Taxable Value (Education)

St. Albans TIF

Actual \$ Paid to Education Fund VS Pre-TIF Trend



CHIP Amendments

- ▶ A few suggestions

CHIP Amendments

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- ▶ Explicit statement re: pledge increment to sponsor
- ▶ Municipal % not less than education, up to 100%
- ▶ Renovations as well as new development
- ▶ Explicitly state infrastructure may be private

CHIP Amendments

- ▶ Related Costs by sponsor as well as municipality
- ▶ Detail edits – will provide to committee and Jon Gray
- ▶ VMBB - Special Assessment wrap-around

CHIP Questions

- ▶ Is CHIP enough to solve Vermont's housing shortage?
 - ▶ No. We need multiple tools.
- ▶ Is financing by developer used in other states?
 - ▶ Yes. 32 states.

CHIP

Questions

- ▶ Can CHIP financing be used for private flood mitigation?
 - ▶ That's the intent. Clarify.
- ▶ Is TIF or CHIP an expensive way to fund infrastructure?
 - ▶ No. Interest cost is same as other debt.

CHIP Questions

- ▶ Should there be a “but for” test?
 - ▶ No. Projects aren’t happening, inherent “but for”.
 - ▶ Let’s build homes!
- ▶ Limit to infrastructure necessary for housing project?
 - ▶ Yes. That’s the intent.

CHIP

Questions

- ▶ Won't CHIP pick up background growth?
 - ▶ No. It's only one site. Zero background growth.
- ▶ Governor's infrastructure revolving loan fund instead?
 - ▶ Support. But it's limited \$\$ and competes with other needs.
 - ▶ CHIP is self-funding.



Questions?

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