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TO: House Commerce and Economic Development Committee
FROM: Jessica Hartleben, Executive Director, VEPC
DATE: April 25, 2025
SUBJECT: S.127, "CHIP"

Chair and Members of the Committee,

Thank you for the opportunity to testify today. I want to start by thanking this committee for your work on this bill to find housing solutions, particularly for rural areas. At VEPC, we deeply share your urgency and your focus. We're excited to be part of the solution through the Community Housing Incentive Program, and we believe we can administer this program effectively, with a few targeted adjustments.

It's important to clarify from the outset: This is an infrastructure investment in Vermont communities that will benefit future generations. Creating CHIP is a step we can take now to give towns the tools they need to grow in ways that align with their long-term plans and meet the needs of their residents. It gives towns the tools they need to support housing through infrastructure, creating needed water, sewer, and roads, allowing for smart, locally guided growth. VEPC is uniquely positioned to help administer that kind of support because we work directly with municipalities, not developers, to make these projects happen.

Here's where we see a few areas where the language could be strengthened:

1. Reporting Requirements



We support the additional reporting language. VEPC can track the type and amount of housing and is already structured to report annually. If the committee wants more specific data, we're happy to work with you on what that looks like.

2. Excess Increment

The current draft language is a little unclear. We recommend using the model found in the TIF statute, 24 VSA 1894(g), and in TIF Rule 900-913. It provides a year-10 check-in, where VEPC can assess, with the help of the Executive Branch Economist, the Department of Tax, and financial data provided by the municipality, whether retained increments are still appropriate or need to be adjusted. If the project is ahead of schedule or no longer needs as much increment, VEPC can reduce the percentage retained, sending the difference back to the Education fund.

We think this strikes the right balance that the draft language is seeking:

1. It gives communities predictability and flexibility upfront,
2. It protects the education fund by ensuring that only what's needed is retained, and no more.

3. Housing Development Definition

We understand the intent behind requiring a certain percentage of floor area to be housing, but VEPC doesn't have the capacity to verify site measurements statewide. We propose trusting local municipalities to determine what qualifies, as they're already guided by regional and local planning frameworks. VEPC will maintain oversight through project documentation and annual reporting. In addition, if you would like to include letters of support from other housing partners to ensure communities are consulting with those entities prior to the submission of a CHIP application, VEPC would welcome those letters as part of the review process.

4. Affordability Restrictions

We know affordability is a major concern, and we agree. While VEPC isn't equipped to enforce income-based eligibility, we fully support the Senate's revised "Purpose" language focusing on homes for low- and moderate-income Vermonters. We'll uphold that intent in our project reviews and continue to work with communities to ensure the program reflects local needs and equity goals.



5. CHIP Board

I'd also like to speak briefly about the proposal to create a CHIP Board to approve projects, in addition to VEPC. VEPC understands and fully supports the desire for oversight and accountability-especially when it comes to Ed Fund dollars that are involved. VEPC does not think creating a CHIP board is an effective or efficient solution and here's why-

VEPC has a well-established, transparent process for reviewing public infrastructure projects. VEPC performs rigorous financial analysis with the assistance of our economist, Jeff Carr, municipal engagement from a very early development stage, and project alignment with State and Regional Plans. VEPC does not rubber stamp projects-The Council asks the hard questions and there is often a significant back and forth with the municipality, VEPC staff and the administration's economist prior to an application being presented to the Council members. Council members vet and review applications with due diligence.

If the concern is protecting the Education fund, the better solution is not to add another layer of bureaucracy but to strengthen the mechanisms we already have in place, like the ten-year financing review. That process ensures the retained increment is right-sized and anything in excess returns to the Education Fund.

Adding another board risks slowing down critical housing-related infrastructure investments and confusing accountability. Municipalities need clarity, not conflicting processes or redundant approvals. Creating another board to do what VEPC already does will not improve outcomes. It could delay the infrastructure investments our communities need to make housing possible. VEPC is open to working with this committee to enhance transparency, improve reporting, or add targeted check-ins.

Again, this program is about helping communities, about giving municipalities flexible, meaningful infrastructure tools so they can grow smartly and meet their housing challenges. We're confident that with these few adjustments, VEPC can carry out the program effectively and in full alignment with the legislature's goals.

Thank you again for your work and leadership. I'm happy to answer any questions.

