

**Community Housing  
Infrastructure Program  
(CHIP)**

**House Committee on  
Commerce and Economic  
Development**

**4/15/25**



**LET'S  
BUILD  
HOMES**

# The Coalition

**215**

Vermont Companies,  
Organizations, and Institutions

**709**

Individual Vermonters

All

**14**


Counties in Vermont

...and continuing to grow every week!



2025

LBH current focus is on:

- Infrastructure
  - Continued public investment in affordable housing
  - Appeals Reform
  - Act 250 Mapping
  - Municipal Housing Decisions
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# VHFA 2025-2029 Needs Assessment

“The Best Time to Plant a Tree Was 30 Years Ago, and the Second Best Time to Plant a Tree is Now”

Figure 1-2 Gap in year-round Vermont homes reduces availability and affordability

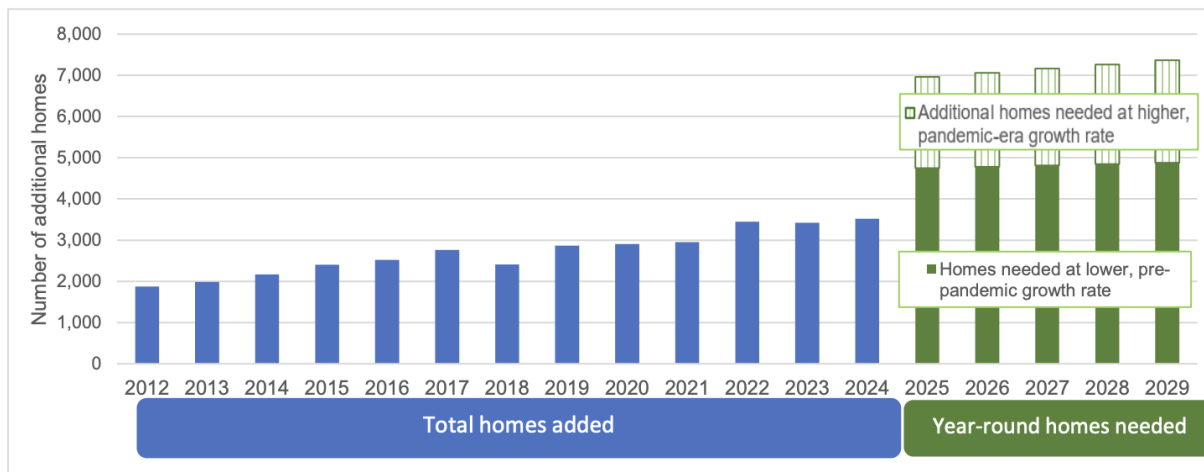
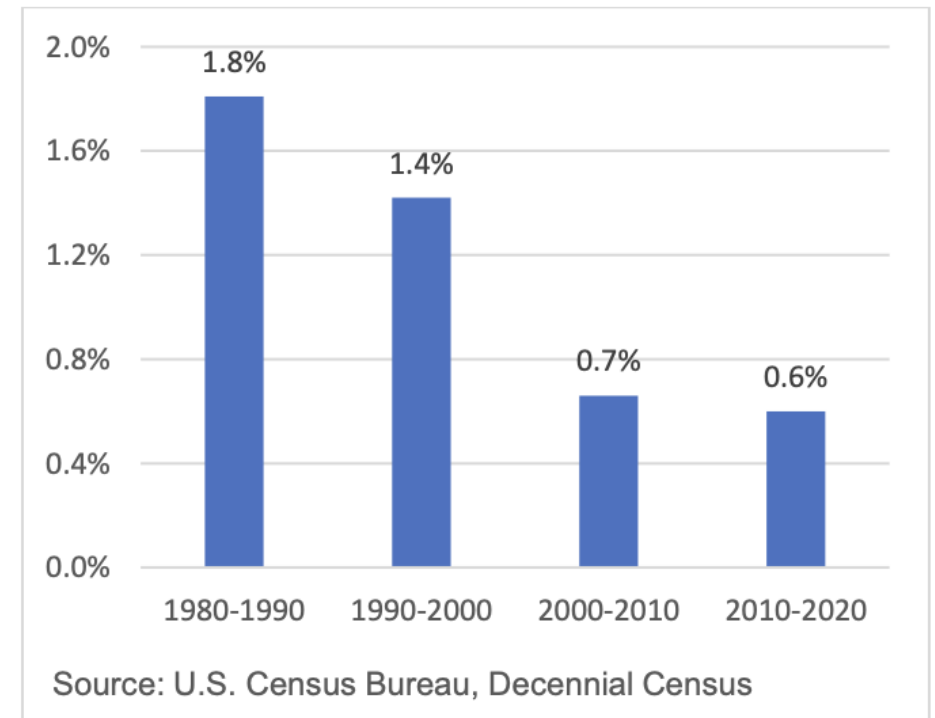


Figure 3-6 Average annual increase in occupied housing stock



# As housing growth slowed, demographics shifted

## Vermont Age Distribution from 2000

At the turn of the century, Vermont had a high proportion of prime working-age adults relative to the number of children and elderly. There were significantly more children compared to today.

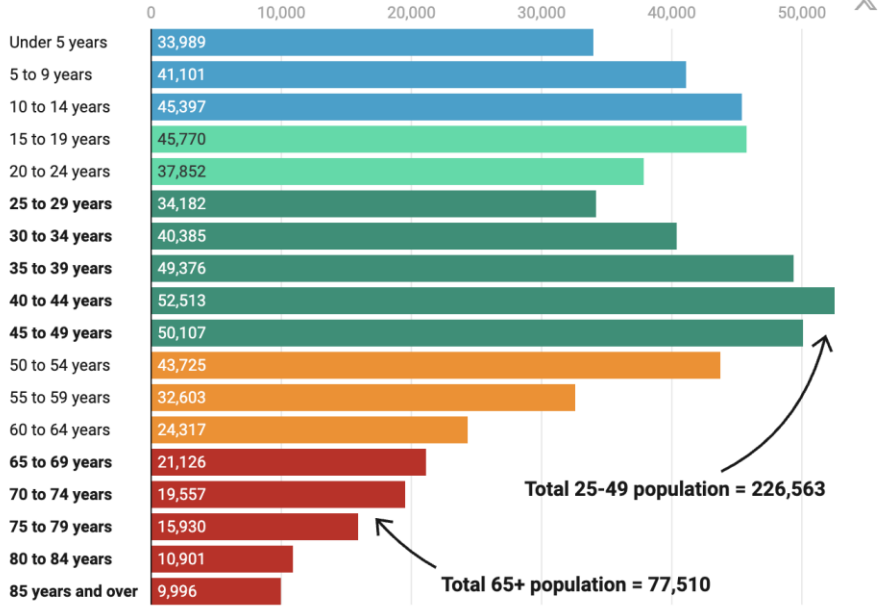


Chart: Vermont Futures Project • Source: US Census Bureau • [Get the data](#) • [Embed](#) • [Download image](#) • Created with [Datawrapper](#)

## Vermont Age Distribution from 2023

Today, Vermont's prime working-age population is much smaller relative to the number of children and elderly. The fertility rate is too low to grow the future workforce and tax base.

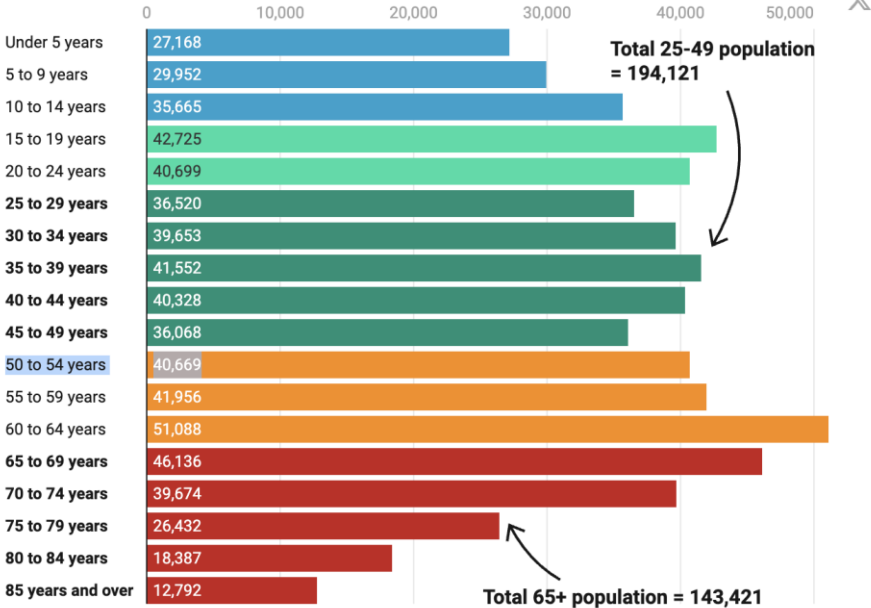
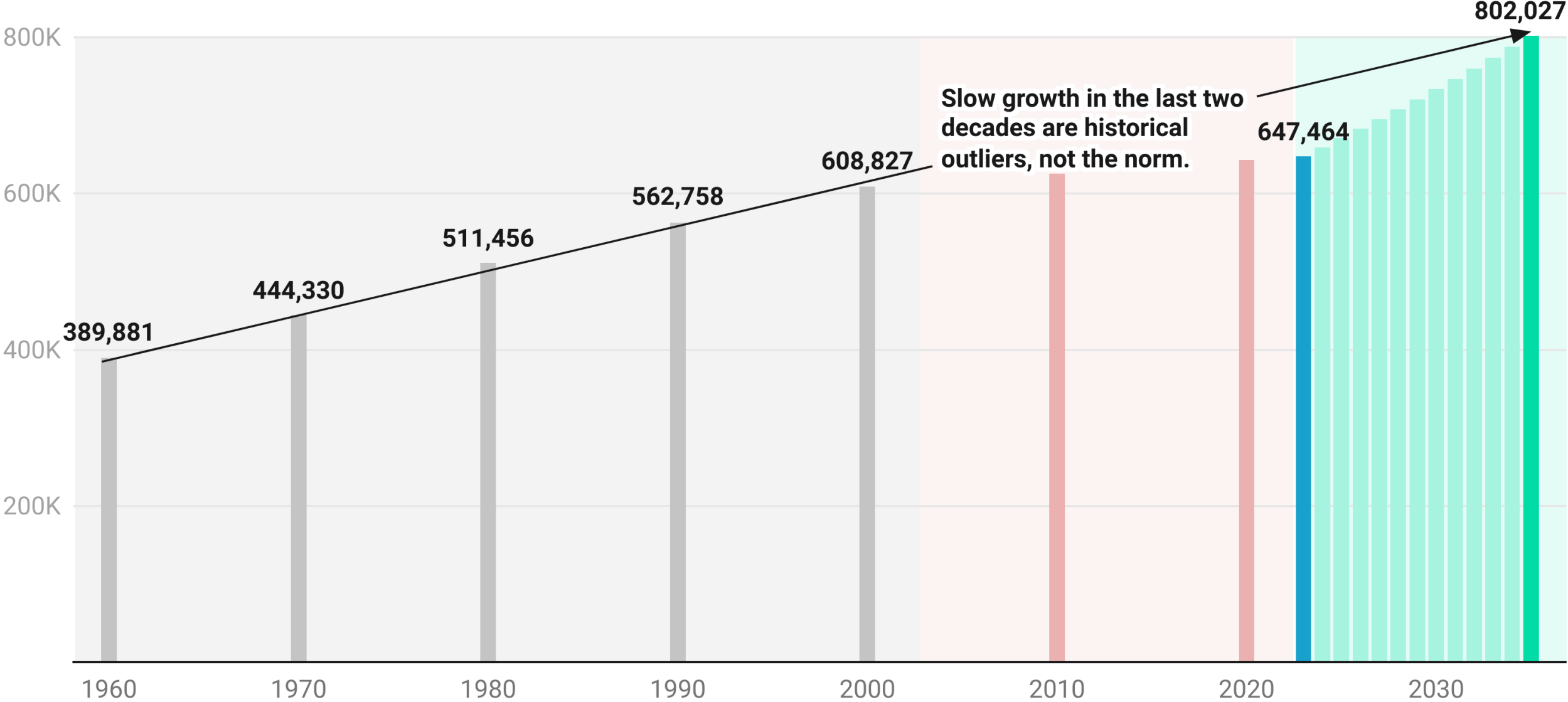


Chart: Vermont Futures Project • Source: US Census Bureau • [Get the data](#) • [Download image](#) • Created with [Datawrapper](#)

# Getting Back on Track: Growing to Address Demographic Pressures



Gray and red columns are historic decennial census data. Blue column is 2023 US Census American Community Survey estimates. Green columns represent future growth needed to close Vermont's projected workforce gap over the coming decade.



# Appendix – Related Slides



# Overview – LBH Strongly Supports CHIP

LBH Coalition created to address Vermont's acute housing shortage which is driving up the cost of homes and negatively impacting many sectors of the state

At a time when VHFA projects that we need to build 30k homes, projects are facing numerous cost headwinds

The Community Housing Infrastructure Program is focused on addressing one of those hurdles: **the high cost of public infrastructure**



# Why is CHIP needed? VT's public infrastructure is very limited and constrained

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Vermont municipalities have very limited public infrastructure to support new housing:

- More than 200 villages lack community wastewater disposal systems
- More than 100 Vermont villages do not have public water systems

ANR has stated that “While many communities have explored municipal water and wastewater solutions in the past, most could not proceed with the projects because users couldn’t afford the new rates needed to cover the cost of the project”.

# Why is CHIP needed? (continued)

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Even in locations that do have existing infrastructure, expensive upgrades are often needed to support substantial new housing

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Making the public costs the responsibility of the housing builder can add large costs to project rendering it infeasible or less affordable

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The state, municipalities and taxpayer/ratepayers are under financial pressures that limit public's ability to invest in infrastructure

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**CHIP would give housing projects a new ability to “self-fund” infrastructure investment without requiring new state or local appropriations**

## Slides from: Zeke Davisson

- Chief Operating Officer for Summit Properties



# Stonecrop Meadows

- Middlebury, VT
- 254-unit master planned PUD
- \$30m+ in public investment





# Stonecrop Meadows

- Core Village = 80 Homes
- 45 Townhomes / Duplexes
- 35 Unit Apartment Building
- Annual Tax Revenue = \$450,000

***\$75,000 / Home of new infrastructure***





# Stonecrop Meadows

- Future = 104 Homes
- Mix of townhomes, condos, rentals, triplexes
- Annual Tax Revenue = \$575,000

***\$24,000 / Home of new infrastructure***







# How does TIF impact Education Fund?

- JFO worst case projection (which assumes that all of the incremental grand list growth would have happened without TIF investment) is that TIF is currently costing state \$6.5 million in “tax expenditures”
- In comparison other programs are much larger:
  - Current use costs the state \$80 million
  - Income sensitization of property taxes costs the state \$160 million
- TIF is unique among these expenditures in that it is intended to grow the grand list



# CHIP is not TIF

There are **numerous** key differences between the proposed CHIP legislation and Vermont's existing TIF legislation:

- TIF debt can be used to support many different investments
- Main public benefit of CHIP is to support and accelerate the creation of more housing

# CHIP is not TIF (continued)

- As proposed, CHIP does not include the “but for” test for grand list growth that has been at the core of so many past TIF debates
- CHIP’s focus on specific projects fully addresses the TIF concern about capturing “background” tax increment growth in large districts
- An additional public benefit separate from grand list growth (that TIF is focused on) is to create additional public infrastructure
- Proposal would be far simpler and easier to administer than Vermont’s traditional TIF districts
- Because CHIP debt would be one-time debt, needs and costs would be established up front and may allow greater percentage of increment to flow to Ed Fund and city over time
- Proposal would authorize builders – as an alternative to municipalities – to borrow debt for infrastructure, protecting taxpayers and putting some of the administrative burden on builders

Recent VLCT  
member  
survey  
indicates  
magnitude of  
infrastructure  
funding gap

- 88 municipalities responded to a recent VLCT survey, and of those, 35 reported that they currently have plans to build or expand municipal water or sewer systems:
  - 28% have received some state funding, 16% have received some federal funding
  - Average total cost for a project is about \$14 million, the median is about \$10.2 million (for municipal systems only, excluding villages and fire districts)
  - **Total anticipated costs from all survey respondents is \$393,871,000 and the funding secured to date is \$151,912,000 – leaving an over \$240 million gap just to meet expected costs for projects already underway.**

# Eligible projects

New construction projects in **geographically eligible** areas.




At least 50% of the gross floor area is allocated to new housing.



Project must have Public Infrastructure Agreements with their local municipalities.



Projects must be located on one or more contiguous properties (including properties located across public streets).




# Geographic Eligibility

## Locations within:

- Areas designated Tier 1 on Act 250 maps
- Areas temporarily exempt from Act 250 pursuant to Act 181.
- Existing Settlements
- Areas within a half-mile of Existing Settlements




# Eligible costs

- Public infrastructure (as defined in current TIF statute)
  - Brownfield remediation
  - Flood resiliency measures on public or private properties
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Proposed  
CHIP  
Taxation  
Authority

Eligible Projects may utilize 80% of incremental new state and local property tax revenues generated by the projects for a period of up to 20 years



# Financing Mechanisms

- Municipal Option
- Alternative Bond Issuer Option
- Developer Option
  - The [Council of Development Finance Agencies](#) (CDFA) indicates that 32 states authorize this kind of "pay as you go" developer financing including neighbors in Maine, Massachusetts, and New York.



# Oversight and Technical Assistance

- CHIP projects would require Infrastructure Agreements approved by the local legislative body.
- Costs incurred by municipalities or alternative bond issuer agencies will be considered eligible expenses that may be paid from increment and/or debt proceeds
- VEPC staff will perform an administrative review of project application and Project Infrastructure Agreements to confirm geographic eligibility, and project eligibility, and to confirm that the projected incremental revenues will meet the projected debt service.
- If a project is claiming eligibility due to being located in an Existing Settlement or within a half mile thereof, the VEPC board must make this determination prior to final approval by VEPC staff.

# Slides from Jonah Richard

- Owner/Principal of Village Ventures

**Village Ventures**

# \$16m in recent and planned investment in Fairlee's village center



**Bridge + Main**  
A 19-unit, \$7.2m scattered site affordable housing project currently in pre-development.



**The Denison**  
\$6.5m redevelopment of former Colby Block into 26 mixed-income apartments and retail spaces.



**512 Main**  
Conversion of vacant gas station to retail completed in 2024.



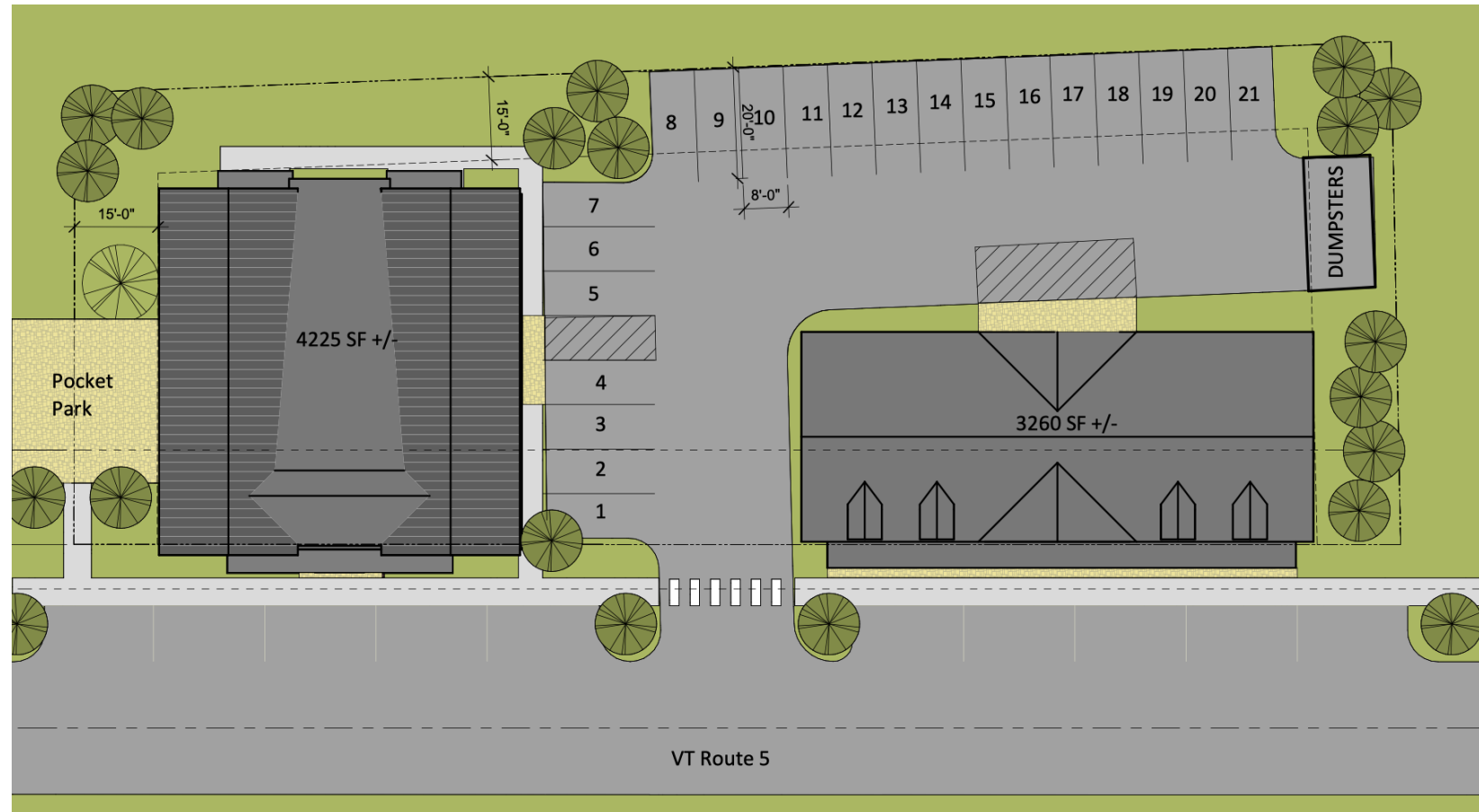
**Chapman's General**  
Recently invested \$1.3m into business expansion and workforce housing. Currently under construction.



**501 Main**  
New \$1.4m, 9-unit residential (half affordable, half market rate) and coffeeshop completed in 2023.

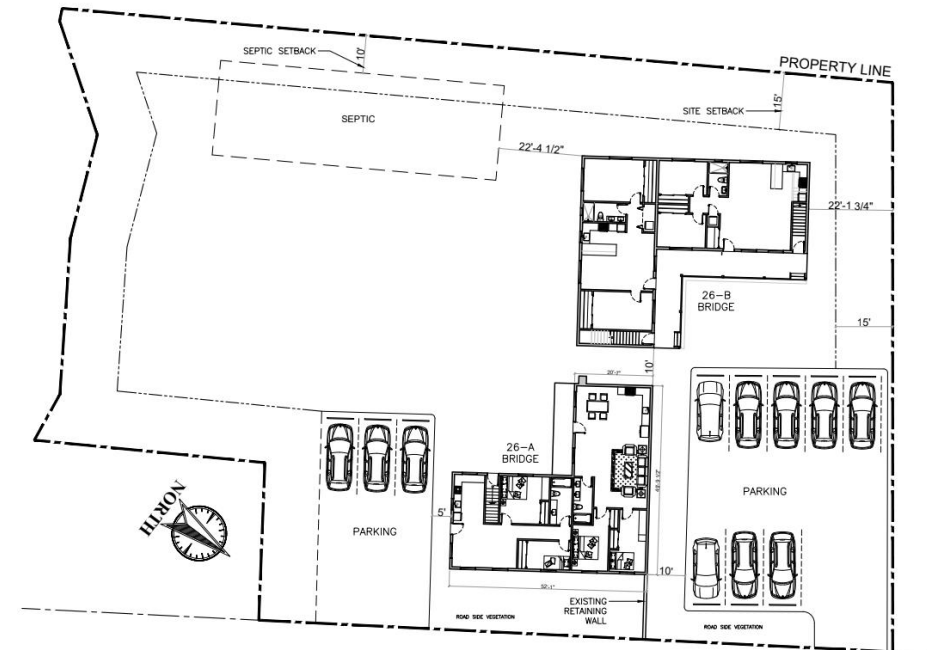
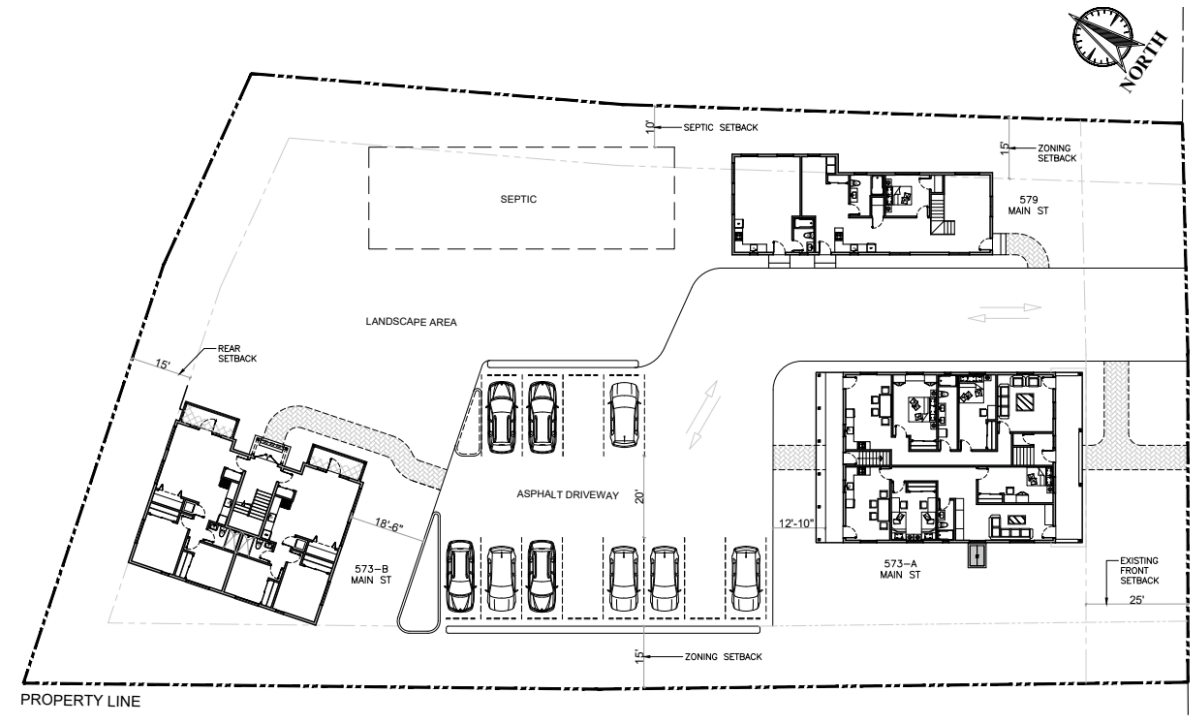
# The Denison

- 26-mixed income apartments with ground-floor retail in Fairlee
- Total development cost: \$6.5m
- Infrastructure costs: \$250,000
  - Town water hookup: \$20,000
  - Off-site septic system: \$100,000
  - Power service upgrades & connections: \$40,000
  - Parking: \$50,000
  - Site prep: \$40,000
- Additional property tax generated: ~\$60,000/yr
- Maximum additional debt that could be secured: \$550,000



# Bridge + Main

- A 19-unit, scattered site affordable housing development (LIHTC) in Fairlee
- Total development cost: \$7.2m
- Infrastructure costs: \$305,000
  - Town water hookup: \$30,000
  - Multi-site septic installation: \$80,000
  - Power service upgrades & connections: \$45,000
  - Parking: \$100,000
  - Site prep: \$50,000
- Additional property tax generated: ~\$40,000/yr
- Maximum additional debt that could be secured: \$350,000





# Mill Street Cottages

- A 15-home pocket neighborhood for the working-class in Bradford
- Total development cost: \$3.9m
- Infrastructure costs: \$225,000
  - Public water/sewer hookup & on site infrastructure: \$50,000
  - Power service upgrades & connections: \$60,000
  - Parking: \$75,000
  - Site prep: \$40,000
- Additional property tax generated: ~\$60,000/yr
- Maximum additional debt that could be secured: \$550,000

