

April 2025

Vermont League of Cities and Towns

CHIP in S.127

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The Housing Infrastructure Agreement

The Housing Infrastructure Agreement will be between the Municipality and the Developer, it will be an enforceable contract and **its purpose is to protect the interest of the municipal corporation.**

Beyond what will be required by law in the Agreement, Cities and Towns are likely to consider and obligate certain aspects of the Development plan for **both parties**, including:

- Timeline to secure necessary permits
- Timeline to start and complete construction
- Phases of construction
- Enhanced public improvements provided by the developer
- The obligation, dispersment timeline of any other subsidy used by the municipality to support the development

VLCT Supports Removing Primary Residence Provision from the Housing Infrastructure Agreement Requirements

Most municipalities in Vermont do not have the authority or resources to enforce the Primary Residence Provision. Beyond that, VLCT foresees other unintended consequences

- discourage the use of CHIP for municipalities without the existing resources for rental regulation and code enforcement
- discourage the use of CHIP for the development of housing for home ownership
- discourage the use of CHIP by most developers who do not intend to, or cannot, own the development for the “life of the housing development site”
- could diminish future equity for homebuyers the property and jeopardizing the ability to borrow conventional home financing

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Questions???



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Understanding Grand List Growth

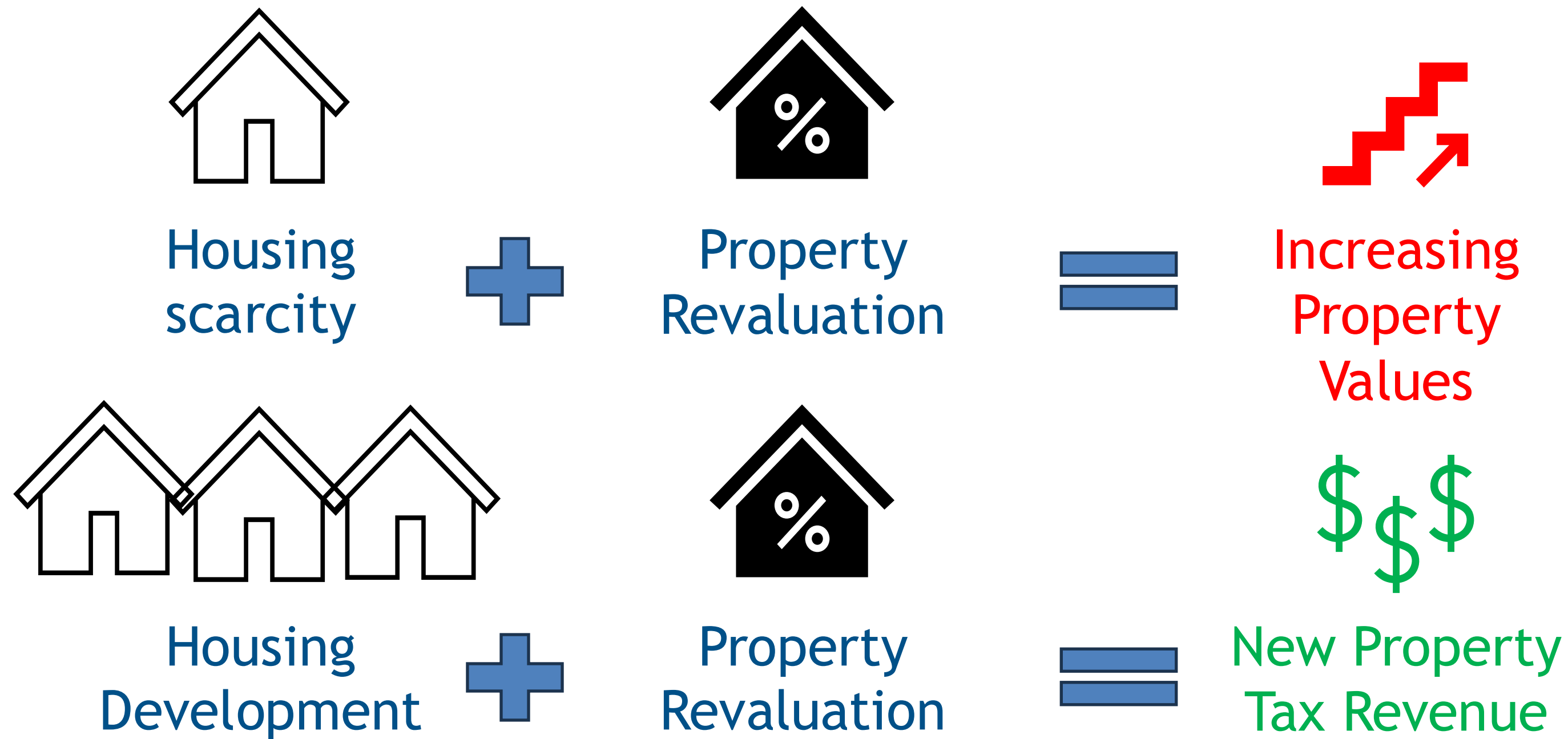
To assess background growth for the purpose of analyzing the potential impacts of tax increment financing programs, it is problematic to include grand list growth from revaluation. **Revaluation is tax revenue neutral.** We must assess grand list growth from development, renovation, and improvement.

- The equalization study (CLA) is a method of revaluation based on current fair market value
- Revaluation does not change the amount of property tax revenue to the Education Fund
- Development of new housing increases grand list revenue
- Reap annual municipal grand list growth (new revenue) is understood to be around or below .8% - 3%
- Per VHFA, Between 2010-2020 Vermont's housing stock increased by an average rate of 0.4% (1,178 homes per year)



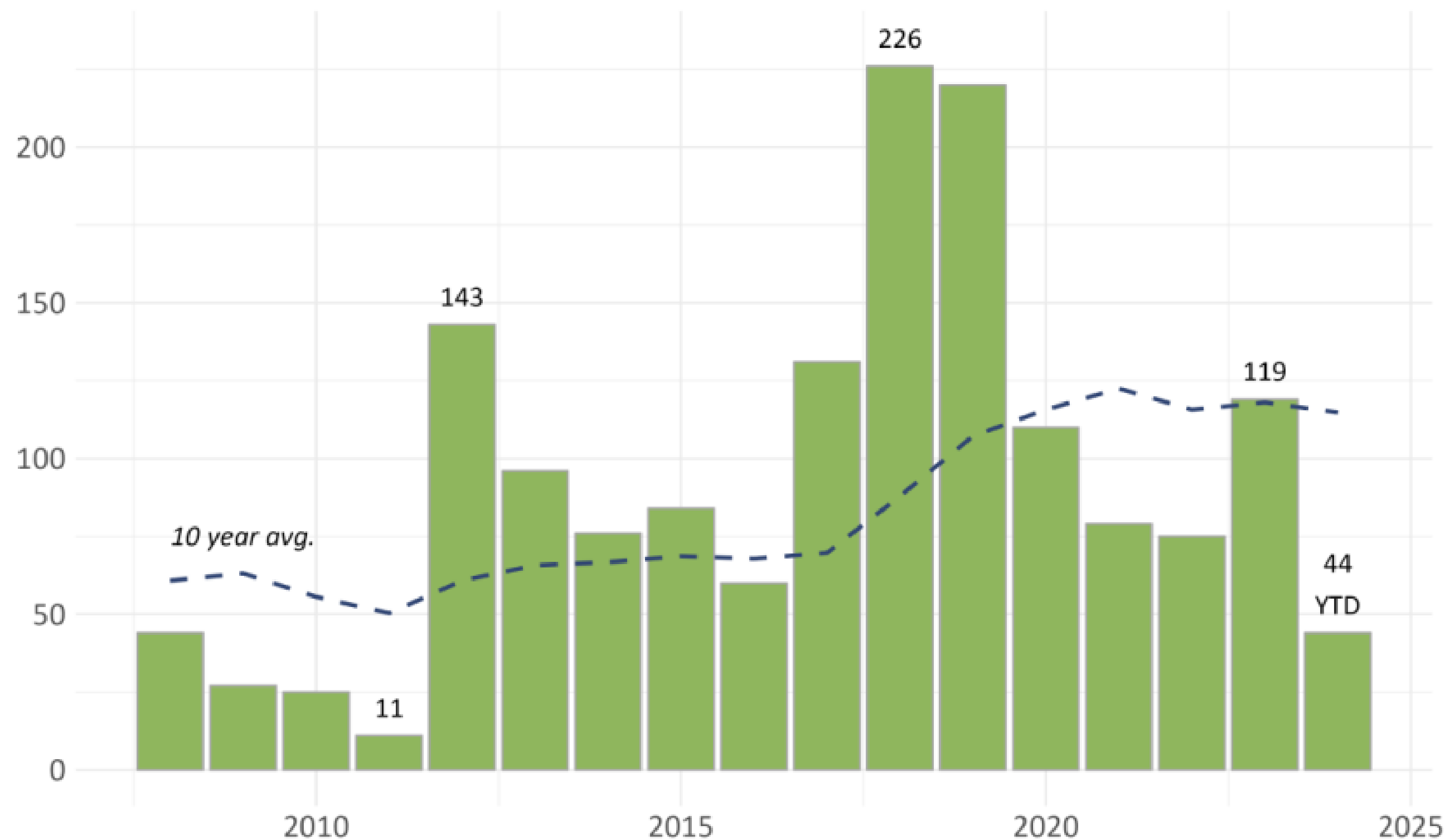
How Does a Grand List Grow?

To understand the benefit of tax increment financing we must assess grand list growth from development, not from revaluation.



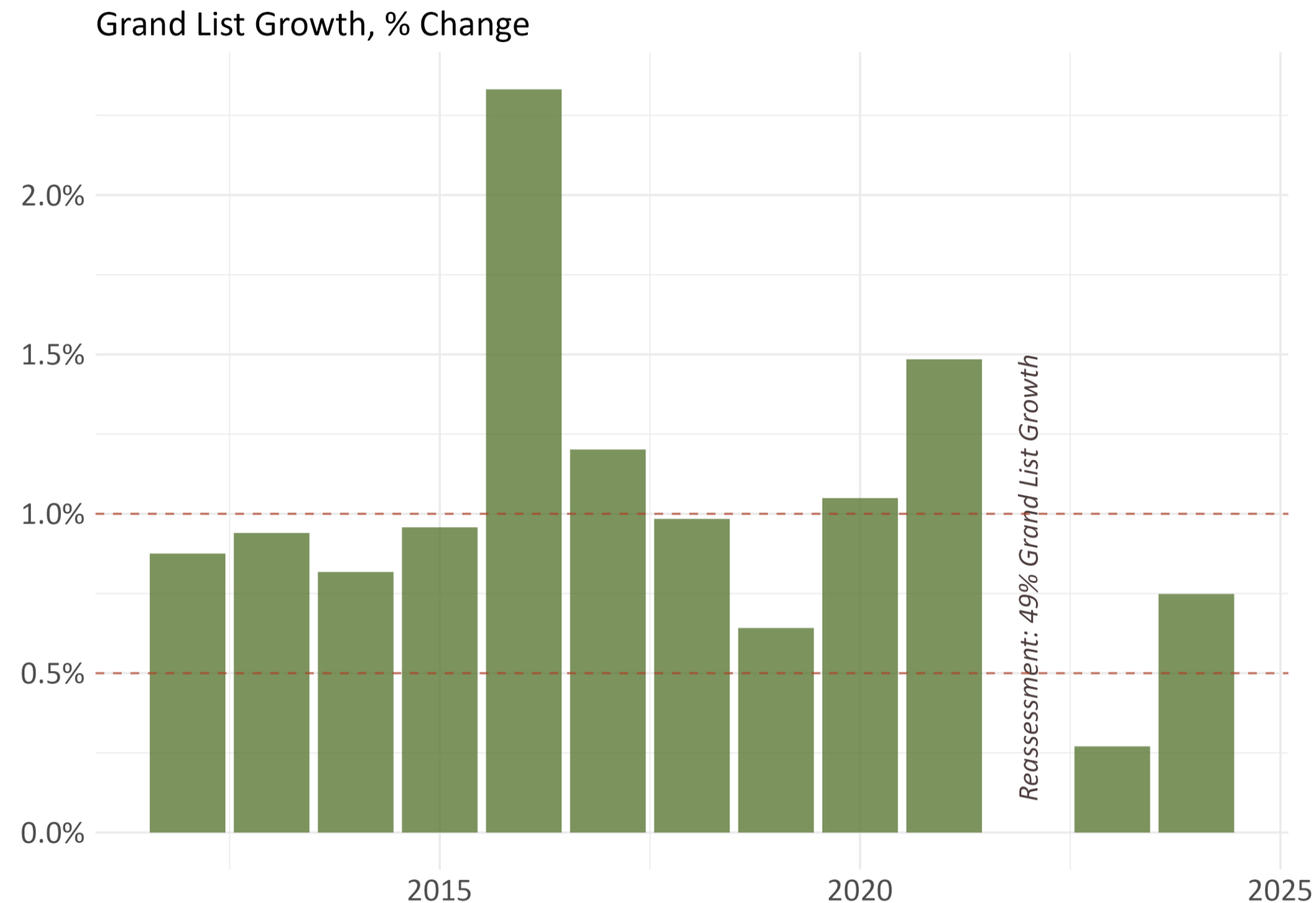
New Housing Units Constructed in Burlington, Per Year

In 2012, the ten-year average was 61 new units per year; in 2023, this average was 119 units per year -- about a 200% increase in rate of development.



Percent of Grand List Growth in Burlington, Controlled for Reappraisal

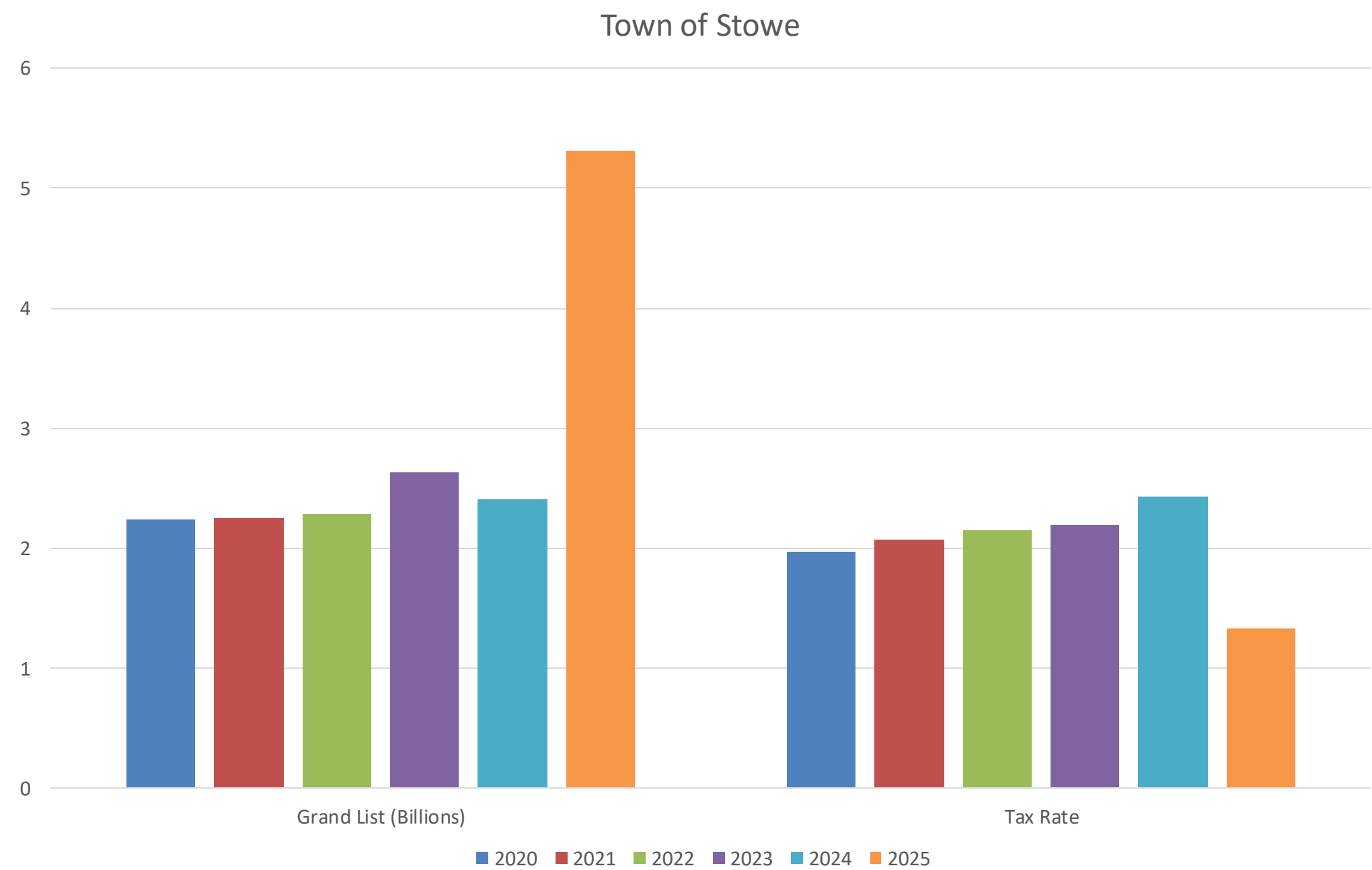
Even building an average of 119 units per year over the last decade, Burlington has only experienced year-over-year growth of the grand list above 2% once.



Excludes personal property.

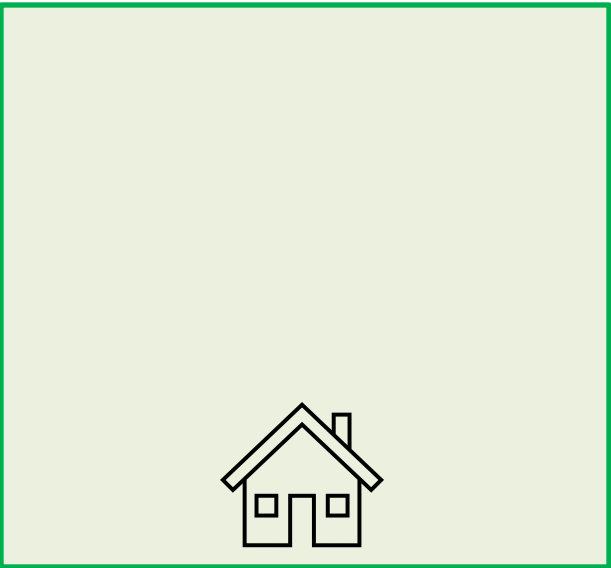
Example 2: Revenue Neutral Reappraisal in Stowe

When Stowe complete a municipal wide reappraisal in 2024 the grand list value jumped from \$2 billion to \$5.5 billion. Despite a significant increase that year in the school budget Stowe’s homestead education property tax rate dropped from 2.43 to 1.33.



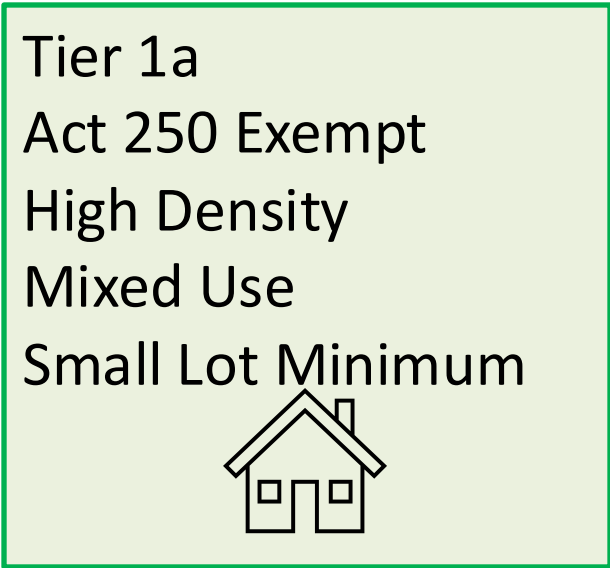
Tools for Adding Property Tax Capacity to the Grand List

1. Home Renovation



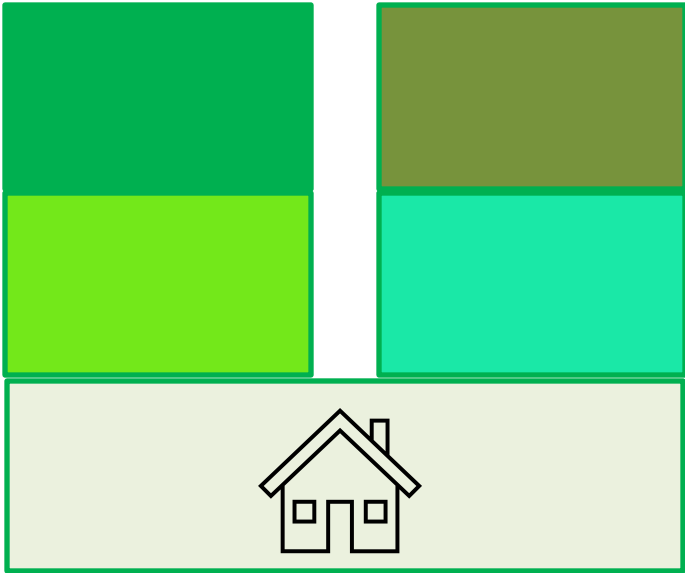
✓ Property Owner

2. Land Use Regulation



✓ State
✓ Town
✓ Voters

3. Subdivision, Transfer



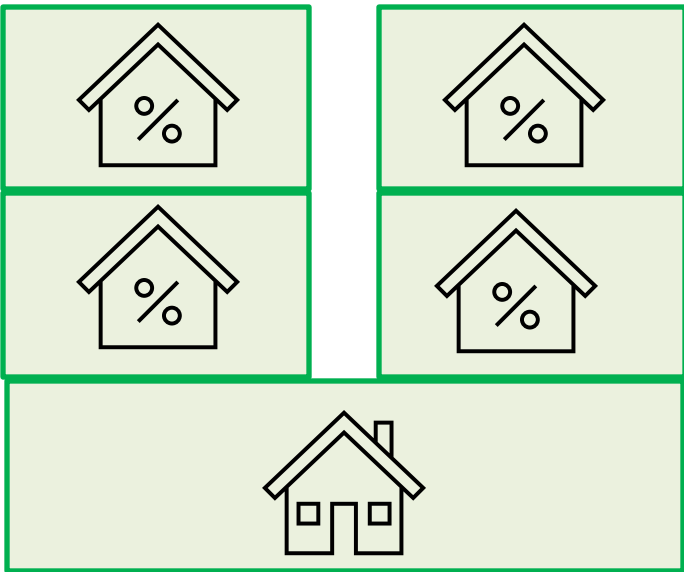
✓ Property Owner

4. Infrastructure



✓ Town

5. Building



✓ Developer