

May 2025

Vermont League of Cities and Towns

Community Housing Infrastructure Program

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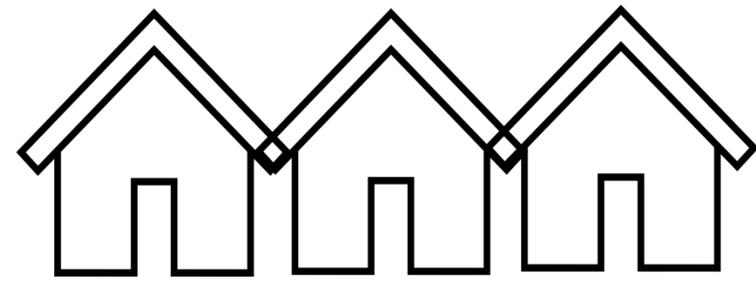
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Agenda:

1. Review: Why CHIP? Why now?
2. Municipal revaluation during CHIP
3. Municipal planning processes
4. Municipal pre-development & project readiness
5. Who can use CHIP?





Housing
Development



Property
Revaluation

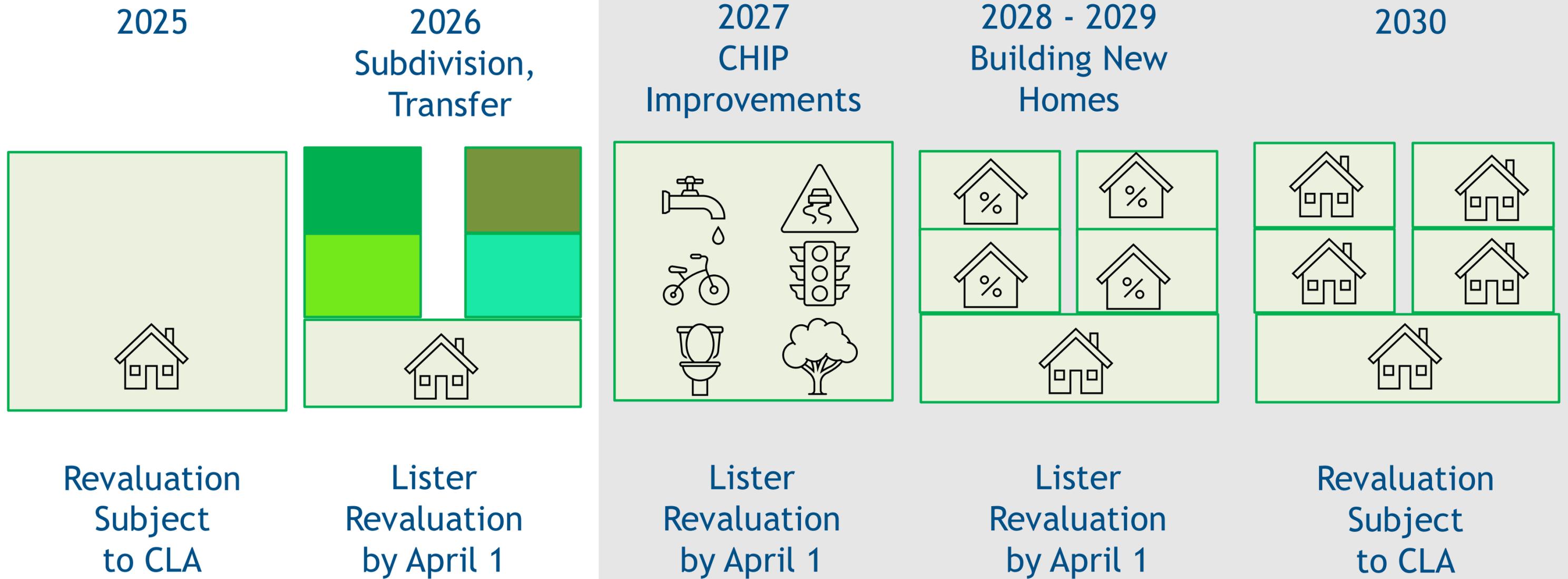


New Property
Tax Revenue

Why do municipalities want CHIP?

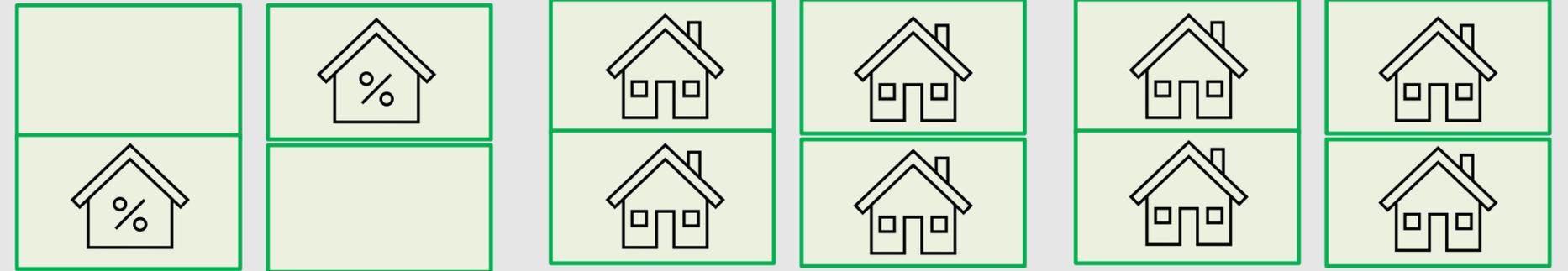
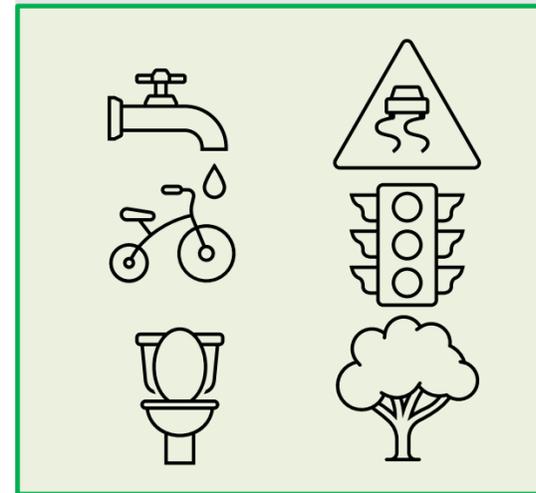
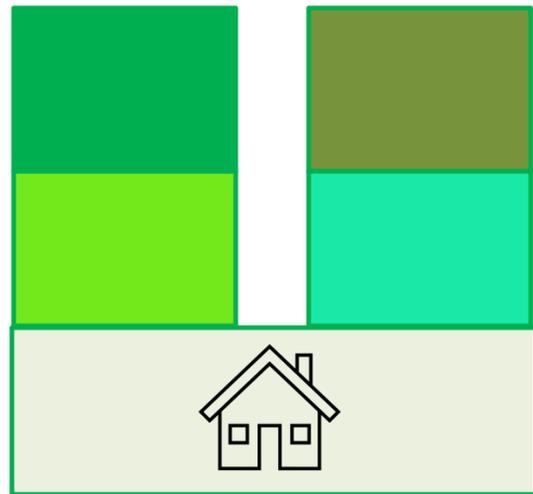
- Equalized grand list growth is projected to be 14% (market factor)
- Real annual municipal grand list growth from all development is .8% - 3%
- Real annual statewide growth from housing is 0.4% annually
- CHIP does not use any state appropriation through grants, tax credits, etc.
- CHIP does not require an increase in municipal tax rates or water rates
- CHIP grows other non-property tax state and local revenues
- CHIP increases state and local tax capacity by growing the grand list

How does Tax Increment Grow Without Mass Reappraisal?

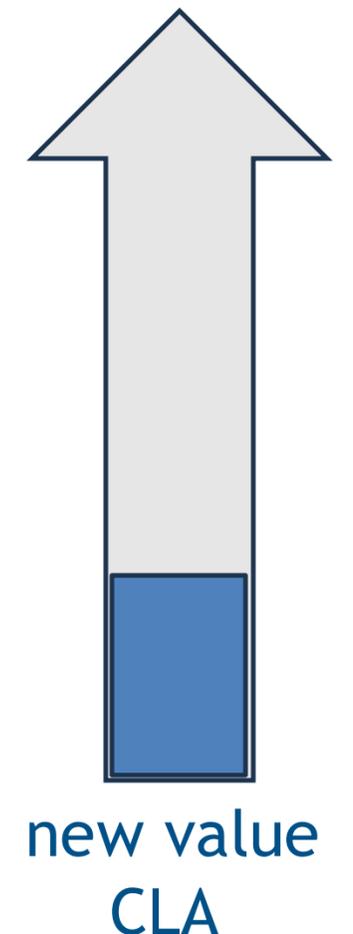
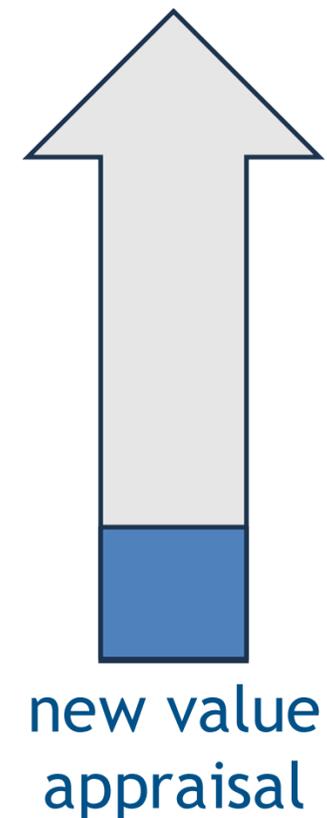
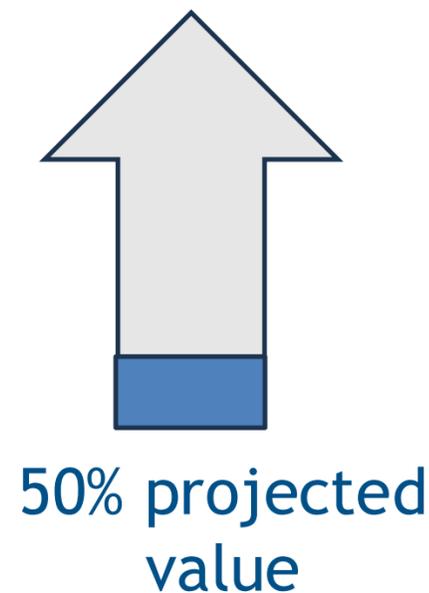
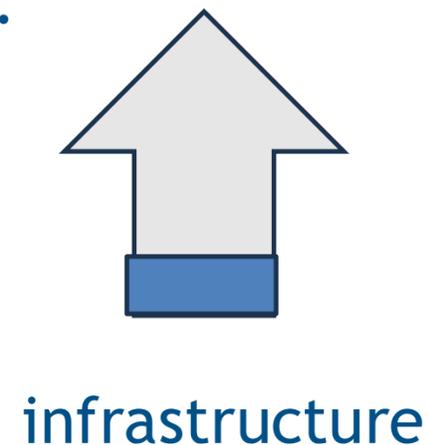


What's Happening to State Education Fund Tax Revenues?

CHIP Debt Service Begins

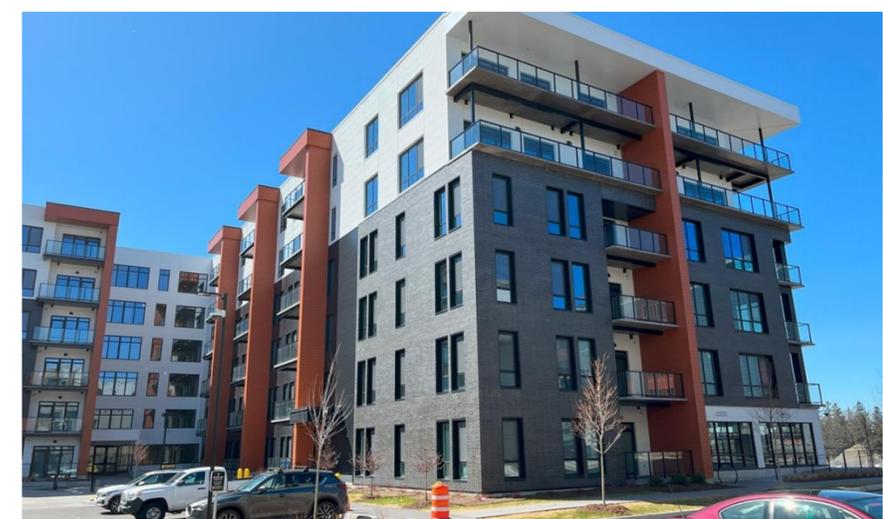


For market rate development, the Ed Fund receives the OTV plus 30% of new tax increment. Increment develops with each improvement on the date of the annual grand list certification.



125 Cambrian Way: 26 months construction + \$11.7M value

- April 2021: Municipal-wide Reappraisal, Grand List Certified
- July 2021: Property Subdivision & Transfer
- December 2022: Site preparation building permit issued
- February 2025: Rental inspection completed (move in!)



PREVIOUS ASSESSMENTS

P

Tx Yr	Cat	Use	Bld Value	Yard Items	Land Size	Land Val	Total Appr
2025	ABST	RA	11,707,700	0	0	3,422,300	15,130,000
2024	FV	RA	4,603,400	0	89,211	3,422,300	8,025,700
2023	FV	RA	1,269,500	0	89,211	3,422,300	4,691,800
2022	FV	RL	0	0	89,211	3,422,300	3,422,300

Before contemplating a CHIP Development, years of public process are required to determine the types of housing a community needs, envisions, and will allow for in local bylaw.



Drawing the Plan: Local Land Use Decisions

Existing state law requires robust public process and a high level of transparency for municipal planning, zoning, budgeting, tax writing, debt acquisition, expenditure, auditing, and more.

1. **The Municipal Plan:** is developed through a citizen led process, adopted by the legislative body, shared with statutory parties, and then must be approved by the RPC and DHCD. Each action of a local body and subsequent amendments require a public hearing. The Plan must contain 12 elements required by state law.
2. **Designated Areas:** (formerly) identify the areas within the municipality most suitable and desired for growth. They are created by essentially the same local process, followed by a DHCD Staff Review and must have approval by the Vermont Downtown Development Board (now the Community Investment Board).
3. **Act 181:** Creates a new process for municipalities to pursue Act 250 permit exemption for their designated growth areas, now called Tier 1a and Tier 1b
 - Tier 1a: Municipality applies to the Land Use Review Board
 - Tier 1b: Mapped by RPCs, approved by the LURB
 - Tier 3: Will be mapped according to rules set by LURB & ANR
 - Tier 2: Is not Tier 1 or Tier 3



Writing the Rules: Local Zoning Bylaw

Zoning Bylaws may be created to enforce the municipal plan within the authorities prescribed by state law.

- Many state preemptions exist to limit bylaw authority
- Zoning bylaws may begin at a citizen commission level or at a subcommittee of the legislative body.
- Some charters require additional process
- For substantial zoning changes additional outreach, long drafting and periods of deliberation, research, feasibility study, assessing infrastructure capacity, joint hearings, etc. are typical
- At a minimum, to adopt or amend a bylaw the appropriate municipal panel must:
 - Publish a public report, consistent with municipal plan
 - Hold a public hearing
 - 15-day notice period and statutory notices



Building the Vision: Assessing Local Needs and Capital

A CHIP development will require the approval of, and numerous on the record actions by, local elected officials. It is likely that additional public process will be needed to generate community buy-in.

- Feasibility Study
- Local housing needs assessment/study
- Community outreach: communications, surveys, town halls, visioning, site visits, and information sessions
- Actuarial and financial planning
- Selection and hiring of key consultants
- For municipally owned sites, RFP's may be issued
- And more!



Actions of the municipal legislative body necessary to initiate CHIP must be warned, discussed at public meetings, and voted upon. The deliberations and decision by the body will be memorialized and posted in meeting materials, and public documents created through this process are subject to public records requests and to public comment.

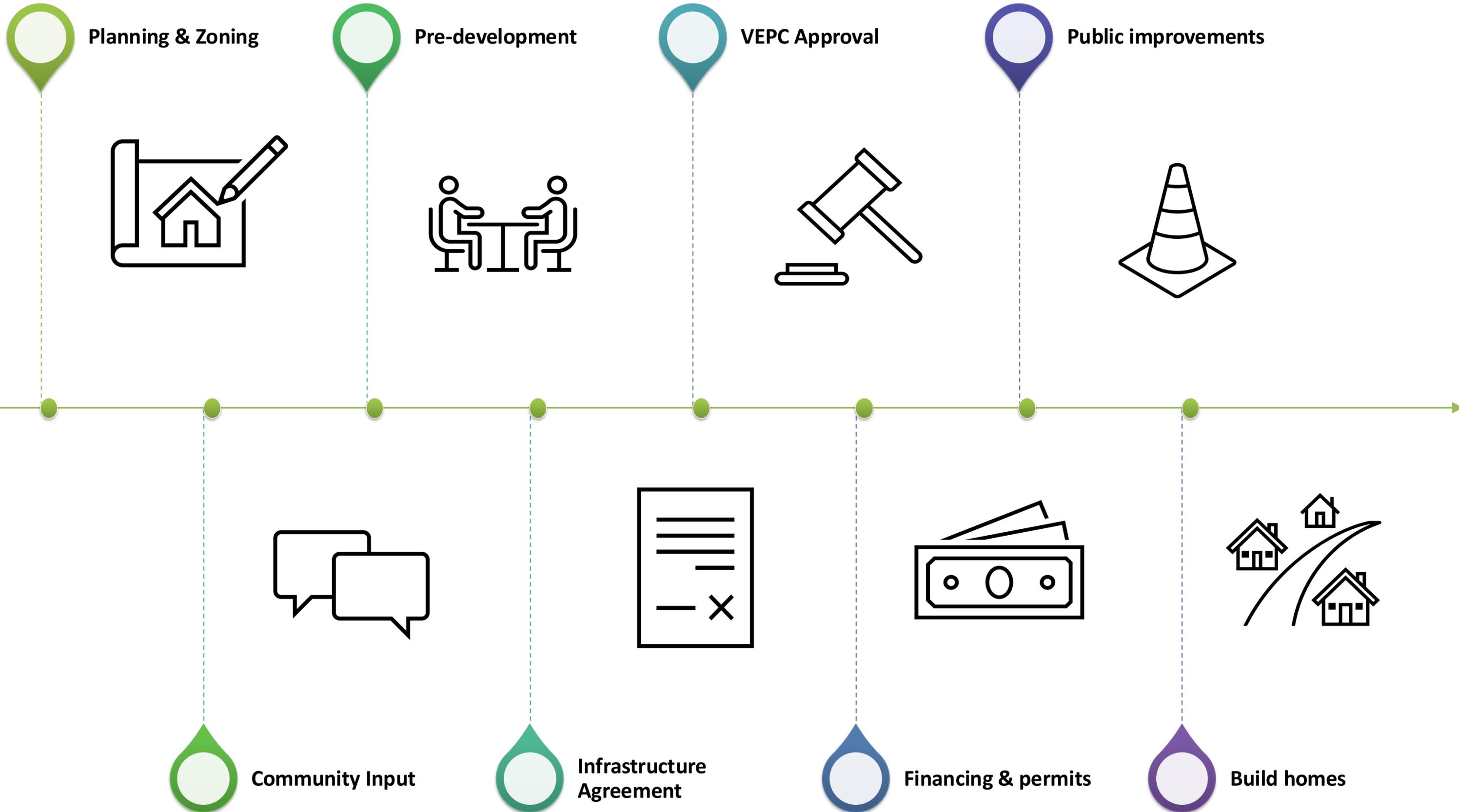


Almost There: Pre-development

S.127 requires a Housing Infrastructure Agreement between the Municipality and Developer and/or Sponsor. This is a vitally important contract which protects the public interests for the life of the CHIP site aka debt service period.

- **Create a housing site:** Identify a site, project, developer, potential sponsor
- **Build a team:** technical and legal support
- **Scoping:** Initial design & engineering
- **Project readiness:** pre-development financing, authorizations, initial permit acquisition
- **Draft agreement:** negotiate obligations, development timeline, debt service, other terms
- **Execute Agreement**
- **Prepare and submit VEPC application!**





Who can use CHIP?

Every City and Town in Vermont can use CHIP, but not in every part of the City or Town. CHIP will help communities build the type of housing they need, where they want to grow, at the appropriate density.

- CHIP targets the places where we most want growth to occur
- CHIP is housing-type agnostic and can be used for adaptive re-use
- CHIP can be enhanced by existing affordable housing subsidy
- The municipality does not need to acquire the debt; preserves bonding capacity and cash reserves
- Municipal increment can be used for technical assistance
 - Legal
 - Project management
 - Engineering
 - Grant & Financial Support
 - Real estate/ Development consultant



**CHIP is innovative and effective,
and so are we.**

**The component parts of a CHIP project are
the regular business of local government in
Vermont: planning, permitting, building
infrastructure, budgeting, public process,
property valuation, auditing, compliance,
public-private partnership and inter-agency
collaboration.**



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Questions???



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