

CHIP FAQs - What is CHIP?



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CHIP = Community and Housing Infrastructure Program created in [Act 69](#).

CHIP utilizes tax increment financing (TIF) for infrastructure improvements that support the development of new housing, with the preferential consideration of affordable and moderate-income housing. It is a targeted use of the tool (a.k.a. project-based TIF), allowing municipalities to retain a portion of the property tax revenue resulting from increased values within a defined Housing Development Site (project). These funds may be used to repay the debt incurred for or pay for eligible infrastructure improvements.

CHIP is designed to complement local and state planning priorities and foster coordinated public-private partnerships. Projects must meet statutory criteria and be approved by the Vermont Economic Progress Council (VEPC) before municipal debt is incurred or a municipality is obligated to reimburse eligible infrastructure costs.

Why was CHIP created?

CHIP was created to "encourage the development of new primary residences for households of low and moderate income across both rural and urban areas of all Vermont counties that would not be created but for the infrastructure improvements funded by the Program."

Vermont [Act 69](#) (S. 127, 2025)

How does CHIP work?

CHIP authorizes a [Sponsor](#) - a municipality, a developer, or an independent agency that meets State lending standards - to finance the costs of infrastructural improvements using future property tax revenues from the parcel or parcels on which a housing development is constructed, subject to Vermont Economic Progress Council (VEPC) approval and the terms of a housing infrastructure agreement that governs the relationship among the municipality, the developer constructing the



housing development, and the Sponsor.

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