CHIP Project Roadmap

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From Initial Interest to Project Completion

Using the Community and Housing Infrastructure Program (CHIP) is a collaborative effort between a municipality and a housing developer. While the developer plans and builds the housing project, the municipality determines whether to participate in CHIP, applies to the program, manages public financing, and oversees long-term program administration.

Every municipality follows its own local review process, and every project is unique. However, most CHIP projects move through the same general stages. Understanding who is responsible for each step - and when important decisions are made - can help municipalities and developers work together more effectively.

Who Does What?

Successful CHIP projects depend on a strong partnership. Some responsibilities belong primarily to the municipality, others belong to the developer, and many require both parties to work together.

Municipality Leads	Developer Leads	Work Together
Establish community housing goals	Plan the housing development	Share project information
Decide whether to pursue CHIP	Secure site control	Coordinate project schedules
Conduct project review and due diligence	Complete engineering and due diligence	Identify and manage project risks
Submit the CHIP application	Arrange project financing	Develop project agreements

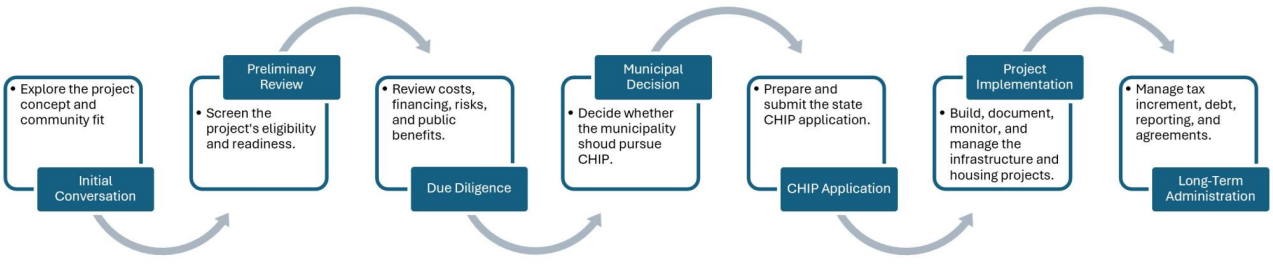
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Municipality Leads	Developer Leads	Work Together
Obtain municipal approvals	Construct the housing development	Communicate with the public
Issue municipal debt, if applicable	Document eligible project costs	Respond to project changes
Track tax increment	Meet agreement commitments	Solve problems throughout the project
Complete annual reporting to VEPC	Support reporting and compliance requirements	Maintain regular communication
Administer the program through project closeout		

Depending on the project, the municipality, the developer, or both parties may plan or construct the infrastructure project.

CHIP Roadmap Summary

The review process below summarizes how these responsibilities come together throughout a CHIP project.



The Municipal Review Process

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The municipal review process is more than a single decision or completing the CHIP application. It is a series of steps that help municipalities evaluate a proposed project, gather the information needed to make informed decisions, and determine whether CHIP is the right financing tool for the project. While every CHIP project is unique, most follow the same general phases. The steps below describe those phases, including the purpose of each step, the primary responsibilities of the municipality and developer, the work they complete together, and the key decision that guides the project to the next stage.

Step 1. Initial Conversation

Purpose: Determine whether the project may support community goals and whether CHIP could be worth exploring.

Municipality Leads

- Explain community housing and development goals.
- Introduce CHIP and the municipality's review process.
- Identify municipal contacts.
- Explain that CHIP participation is discretionary.

Developer Leads

- Present the project concept.
- Describe the proposed site and housing development.
- Explain anticipated infrastructure needs.
- Describe the assistance being requested.

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Work Together

- Discuss how the project supports community priorities.
- Identify major questions.
- Decide whether to continue evaluating the project.

Decision Point: Does the project appear to support community goals and deserve further review?

Step 2. Preliminary Review

Purpose: Determine whether the project may be a good candidate for CHIP.

Municipality Leads

- Review consistency with community plans and policies.
- Conduct an initial review of CHIP eligibility.
- Identify permitting requirements, approvals, and public processes.
- Evaluate municipal capacity.
- Identify major infrastructure, financial, legal, or community concerns.

Developer Leads

- Provide a written project description.
- Share a preliminary site or concept plan.
- Describe the proposed housing, infrastructure, and development schedule.
- Identify the development team and relevant experience.

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- Describe site ownership or site control.
- Provide early cost and financing information.

Work Together

- Clarify the proposed roles of the municipality and developer.
- Identify missing information.
- Discuss the work needed before the municipality can make an informed decision.
- Develop an early timeline for project review.

Decision Point: Should the municipality continue investing time and resources in evaluating the project?

Step 3. Due Diligence

Purpose: Test the project's readiness, financial viability, legal compliance, and potential risk.

Municipality Leads

- Review infrastructure needs and estimated costs.
- Evaluate CHIP-eligible costs.
- Review tax increment projections.
- Evaluate the "But For" requirement.
- Review the municipality's borrowing and repayment risk, if applicable.

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- Obtain legal, financial, engineering, appraisal, or other professional assistance, as needed.
- Consider the project's public benefits and possible community impacts.
- Begin identifying terms that may be needed in project agreements.

Developer Leads

- Advance site planning and engineering.
- Complete environmental and site due diligence.
- Update project costs and schedule.
- Provide financial feasibility information.
- Document project financing and the need for CHIP assistance.
- Identify permits and approvals.
- Respond to municipal questions.

Work Together

- Confirm infrastructure needed.
- Review how responsibilities and costs may be divided.
- Discuss project risks and ways to manage them.
- Develop draft agreement terms.
- Identify if additional work is needed before a municipal decision.

Decision Point: Has enough information been collected for the municipality to decide whether to pursue CHIP?

Step 4. Municipal Decision

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Purpose: Determine whether pursuing CHIP serves the public interest.

Municipality Leads

- Review all project information and professional advice.
- Evaluate risks, public benefits, and municipal obligations.
- Conduct public meetings.
- Considers municipal financing, if applicable.
- Decides whether to proceed with a CHIP application.
- Begin formal work on financing and project agreements.

Developer Leads

- Provide updated project information.
- Participate in public discussions, as appropriate.
- Answer questions about the development plan, financing, schedule, and community benefits.
- Negotiate proposed agreement terms.
- Confirm its ability to meet project commitments.

Work Together

- Finalize roles, responsibilities, and timelines.
- Negotiate how costs and risks will be shared.
- Establish expectations for communication and public engagement.
- Develop draft agreements and performance protections.
- Confirm the information needed for the CHIP application.

Decision Point: Should the municipality pursue CHIP for this project?

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Step 5. CHIP Application

Purpose: Prepare and submit the application to the Vermont Economic Progress Council (VEPC).

Municipality Leads

- Prepare and submit the application.
- Complete required analyses and certifications.
- Obtain local approvals needed for submission.
- Respond to questions during the state review process.
- Continue work on financing and legal agreements.

Developer Leads

- Provide project and financial information.
- Support responses to VEPC.
- Finalize project commitments.
- Updates project information when conditions change.
- Reviews and completes required agreements.

Work Together

- Review application materials.
- Coordinate housing project and infrastructure schedules.
- Finalize agreements.
- Address application conditions or requested revisions.

Decision Point: Has the project received the approvals needed to proceed?

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Step 6. Project Implementation

Purpose: Build the infrastructure and housing while meeting CHIP requirements and project agreements.

Municipality Leads

- Manage municipal obligations.
- Review eligible costs.
- Maintain financial and project records.
- Monitor compliance with CHIP approval conditions.
- Coordinate inspections, approvals, and reimbursements.
- Track project changes, risks, and schedule delays.

Developer Leads

- Construct the housing development.
- Complete agreement obligations.
- Document project costs.
- Report significant project changes or delays.
- Support municipal and state compliance reviews.

Work Together

- Coordinate construction schedules and activities.
- Resolve unexpected issues.
- Maintain regular communication.
- Monitor project milestones.

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- Confirm that completed work meets agreement and program requirements.

Decision Point: Is the project advancing according to the approved plan and agreements?

Step 7. Long-Term Administration

Purpose: Manage tax increment, debt repayment, reporting, and ongoing agreement commitments.

Municipality Leads

- Track tax increment.
- Manage CHIP revenues and debt payments.
- Complete annual reporting.
- Maintain project records.
- Monitor agreement compliance.
- Report changes or compliance concerns.
- Close out the project.

Developer Leads

- Meet agreement obligations.
- Maintain any continuing housing, affordability, reporting, or performance commitments.
- Notify the municipality of significant changes.
- Cooperate with reviews, audits, and compliance monitoring.

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Work Together

- Address changing project conditions.
- Monitor long-term project commitments.
- Address tax increment or project performance concerns.
- Maintain communication throughout the debt repayment period.

Completion Point: The CHIP process ends when all program, debt repayment, reporting, and agreement obligations have been satisfied.

Making Informed Decisions

Moving from one step to the next is not automatic. At each stage, the municipality should decide whether the project continues to support community goals, whether the required information is available, and whether the potential public benefits justify the municipality's risks and responsibilities.

Clear decision points allow municipalities to stop, pause, or request more information before making larger commitments. They also help developers understand what is expected and when decisions will be made.

Protecting Public Investments

A successful CHIP project is built on more than a strong housing proposal. It depends on clear communication, thoughtful planning, careful due diligence, and a shared understanding of responsibilities. By following a structured review process, municipalities can evaluate projects consistently, manage public resources responsibly, and work collaboratively with developers to create housing that supports

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their community's long-term goals.

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