Typical Housing Infrastructure Agreement Components

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

A Housing Infrastructure Agreement is one of the most important documents in a CHIP project. It establishes the responsibilities of the municipality, the developer, and if applicable the project sponsor, describes how the housing infrastructure project will be completed and financed, and documents how the parties will work together throughout the project. A well-prepared agreement helps create a shared understanding, manage risk, and support successful project implementation.

The components below are commonly found in project-based housing infrastructure agreements. They are organized by the life of a project - from planning, to implementation, to long-term management. This resource is intended to help municipalities understand the types of provisions an agreement may include. It is not a model agreement or legal template, and every project may require different provisions based on its size, complexity, financing, and level of risk.

Project Framework

This section of an agreement establishes the project, identifies the parties, and describes what will be built and financed.

Parties

- Municipality identified
- Developer/Property Owner identified
- Project sponsor identified (if other than the municipality or the developer)
- Legal names and contact information included

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

- Authority of each party to enter into the agreement documented

Project Information

- Name of the CHIP project
- Location of the housing development project
- Location of the housing infrastructure project(s) (if different)
- Description of the housing development project
- Description of the eligible housing infrastructure improvements
- Relationship between the housing development and the infrastructure improvements described
- Reference to the approved CHIP project and VEPC approval
- Purpose of the agreement stated

Housing Commitments

- The percent of floor area dedicated to housing
- Number of housing units to be developed, including the number of affordable housing units
- Housing types identified
- Development schedule and milestones
- Housing completion deadline
- The expected overall housing development value

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

Infrastructure Improvements

- Description of each eligible infrastructure improvement
- Infrastructure ownership identified (municipal or private)
- Construction standards referenced
- Plans and specifications identified
- Permits and approvals required
- Responsibility for obtaining permits assigned
- Documentation required to demonstrate the improvements were constructed as agreed upon

Infrastructure Project Costs

- Estimated eligible infrastructure costs, including the types of costs and improvements to be financed with CHIP debt
- Estimated ineligible costs (if applicable)
- Documentation required to support costs
- Cost verification process

Financing

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

- Funding sources identified
- CHIP reimbursement process described
- Conditions that must be met before funding or reimbursement is available identified
- Municipality's financing responsibilities identified
- Developer's and/or sponsor's financing responsibilities identified
- CHIP reimbursement process described
- Timing of reimbursements established
- Conditions for reimbursement described

Revenue Shortfall

- Financial risks associated with lower-than-expected tax increment identified
- Municipality's responsibilities if tax increment is insufficient to finance CHIP debt described
- Developer's and/or sponsor's responsibilities if tax increment is insufficient to finance CHIP debt described
- Use of performance assurances or other financial security during a revenue shortfall explained
- Process for addressing anticipated revenue shortfalls established

Tax Increment

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

- Property subject to CHIP identified
- Tax increment dedication acknowledged
- Method for calculating tax increment referenced
- Assumptions used in financial planning acknowledged
- Circumstances that could materially affect tax increment identified
- Acknowledgement that projected tax increment is an estimate, not a guarantee.
- Relationship between available tax increment and reimbursement of eligible costs explained.

Project Implementation

This section of an agreement describes how the housing development and infrastructure improvements will be completed, documented, and monitored.

Construction of the Housing Infrastructure Project

- Infrastructure construction schedule
- Construction standards and specifications
- Required permits and approvals
- Inspection procedures
- Testing and acceptance requirements

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

- Change order process
- Responsibility for cost overruns
- Procedures for delays
- Procedures for substantial completion
- Final municipal acceptance (if applicable)
- Warranty requirements
- Maintenance responsibilities before acceptance

Development of the Housing Project

- Development schedule and milestones
- Construction commencement requirements
- Minimum number of housing units
- Development phasing (if applicable)
- Completion deadlines
- Material changes requiring municipal approval
- Ongoing compliance with CHIP commitments
- Occupancy requirements (if applicable)
- Development progress reporting

Reporting and Documentation

- Developer reporting requirements

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

- Documentation supporting eligible costs
- Construction progress reporting
- Information needed for municipal and VEPC reporting
- Record retention requirements

Project Protection

This section of an agreement helps manage risk, define oversight responsibilities, and establish procedures if problems arise.

Performance Assurances

- Type of performance assurance identified
- Amount of the performance assurance established
- Method used to determine the amount documented
- Timing for providing the performance assurance specified
- Conditions for reducing or releasing the performance assurance established
- Conditions under which the municipality may use the performance assurance described
- Duration of the performance assurance established
- Financial institution or surety requirements specified (if applicable)
- Procedures if the developer defaults

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

Compliance

- Compliance with CHIP requirements, including at minimum the primary residency requirement and biennial proof
- Compliance with applicable federal requirements (if applicable)
- Compliance with state laws
- Compliance with municipal requirements
- Insurance requirements
- Indemnification provisions

Municipal Access and Oversight

- Municipality's right to inspect work
- Municipality's right to review project records
- Access to documentation supporting reimbursement requests
- Audit rights (if applicable)

Default and Remedies

- Events of default defined
- Notice and opportunity to cure provided

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

- Municipality's remedies described
- Developer's and/or sponsor's remedies described
- Repayment provisions (if applicable)
- Termination provisions

Amendments

- Process for modifying the agreement
- Required approvals for amendments

General Legal Provisions

- Effective date
- Term of the agreement
- Assignment provisions
- Successors and assigns
- Governing law
- Notice provisions
- Severability
- Entire agreement clause

Agreement Completion

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

This section identifies the documents that support the agreement and the steps needed to make the agreement final.

Exhibits and Attachments

- Project location map
- Site plan
- Infrastructure plans
- Development schedule
- Cost estimate
- Funding sources
- VEPC approval documentation (after approval)
- Other supporting exhibits

Signatures

- Municipality signatures
- Developer signatures
- Sponsor signatures (if applicable)
- Date executed
- Required acknowledgements or notarization (if applicable)

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

Optional Best Practices

Municipalities also may wish to address:

- Performance security (bond, letter of credit, escrow, or other financial assurance)
- Maintenance responsibilities before municipal acceptance
- Warranty period for privately constructed infrastructure improvements
- Procedures for accepting completed infrastructure
- Force majeure provisions
- Dispute resolution procedures
- Requirements for documenting eligible costs before reimbursement
- Procedures if the housing development is modified, delayed, or not completed

Sample Agreements

The Documents section of this webpage includes sample housing development agreements from projects in Vermont and around the country. These agreements can help municipalities see how other communities have addressed topics such as project responsibilities, financing, construction, performance, and risk.

The agreements are provided as **examples, not models**. They were developed for different projects and under different state and local requirements and may not meet Vermont's CHIP requirements. Municipalities should not copy an agreement without carefully reviewing and adapting it for their project. Work with a development attorney and other advisors to develop a Housing Infrastructure Agreement that meets CHIP requirements and addresses the needs and risks of your project.

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026

Building a Strong Agreement

Every CHIP project is different, and not every component in this resource will apply to every agreement. The goal is to help municipalities identify the topics they should discuss, decide how responsibilities and risks will be shared, and document those decisions in a clear and complete agreement. Addressing these issues early can help build a strong partnership between the municipality and the developer while protecting the public investment.

Municipalities should work closely with a development attorney and other technical advisors, such as financial advisors, engineers, bond counsel, and other subject matter experts, to prepare an agreement that reflects their project's unique circumstances and complies with Vermont's CHIP statute, the CHIP Guidelines, and other applicable laws and requirements.

Publication Date
09/02/2026

Copyright Vermont League of Cities and Towns
Current as of: 11/8/2026