Model CHIP Participation Policy + Guidance

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The Model Municipal CHIP Participation Policy gives municipalities a basic framework for deciding whether to sponsor a project through Vermont's Community and Housing Infrastructure Program, known as CHIP.

Municipalities may adopt the model as written, adapt it to local needs, or use it as an internal guide for discussion. VLCT provides two versions so municipalities can choose the level of detail that fits their staffing, capacity, and project size.

Why Adopt a CHIP Participation Policy?

Adoption of this policy is optional. Neither Vermont law nor the CHIP Guidelines require a CHIP Participation Policy.

A CHIP proposal requires a municipality to review development, infrastructure, financing, and tax information. It may also require the municipality to work closely with a private developer for several years. A policy helps the municipality decide how it will approach these proposals before it is asked to support a specific project.

A policy can be especially helpful when a municipality receives proposals from more than one developer or when board membership changes during a long project.

What the Policy Does

The policy guides municipal decision-making. It does not approve a CHIP project, commit tax increment, authorize borrowing, or replace any approval required by Vermont law.

Adopting the policy also does not require the municipality to participate in CHIP. Each project must be reviewed on its own. The legislative body may approve, conditionally approve, or decline a proposal based on its benefits, risks, readiness, and fit with local

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goals.

The policy also does not replace advice from counsel, financial advisors, engineers, appraisers, or other professionals. CHIP projects may involve issues beyond the expertise or capacity of local officials, especially in small municipalities.

Choose the Policy That Fits Your Municipality

VLCT provides two versions of the Model Municipal CHIP Participation Policy. Both address the same basic goals, but they offer different levels of detail.

The **Simple Policy** provides a basic framework for CHIP participation. It summarizes key considerations and leaves many of the details to the municipality to address as a project develops. It may be a good fit for smaller municipalities, municipalities with limited staff capacity, or those considering smaller or less complex projects.

The **Detailed Policy** provides more specific criteria, review steps, and guidance for evaluating and managing CHIP projects. It may be useful for municipalities considering larger or more complex projects, expecting significant financial or project risk, or wanting more direction built directly into their policy.

A municipality does not need to choose based on its size alone. Consider the types of projects you expect, your staff and volunteer capacity, the level of municipal financial involvement, and how much guidance you want the policy itself to provide. Either version may be adapted to local needs.

Identify a Policy Coordinator

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The model asks the municipality to identify someone to coordinate the policy. The best choice will depend on local staffing, municipal capacity, and the type of project. In a small municipality, the coordinator may organize the process while relying on other officials and outside professionals for review. The coordinator does not make CHIP decisions. Final decisions remain with the legislative body and with voters when required.

Obtain Legal Review

Before adoption, the municipality should ask municipal counsel to review the policy. The model includes general guidance and may need to be adapted to local legal or organizational needs.

How to Use the Policy When a Project Is Proposed

The policy is most useful when followed as a series of decision points. The municipality does not need to complete every type of review at the beginning. Reviews should become more detailed as the proposal develops and the municipality moves closer to making a commitment.

VLCT's CHIP tools and resources library includes a CHIP Project Roadmap that explains the stages of CHIP projects, who is responsible for each step, and when important decisions are made.

When Outside Help May Be Needed

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Municipalities are not expected to have every type of expertise needed to evaluate a CHIP project. A developer may provide studies and consultants, but those professionals represent the developer's interests. The municipality should use its own independent advisors when it needs help protecting the public interest.

Monitoring an Approved Project

Municipal responsibility does not end when a project is approved. The legislative body should identify who will monitor the project and communicate with the developer and State agencies.

For a smaller project, a project file, milestone schedule, payment log, and annual update to the legislative body may be enough. The level of oversight should match the project's size, length, and risk.

Putting the Policy into Practice

The model policy works best when paired with simple supporting tools, such as:

- a preliminary project information form;
- a project-screening worksheet;
- a developer information request;
- a municipal risk review worksheet;
- a legislative body decision form; and
- a project monitoring summary.

These tools can help municipal officials follow the policy without adding detailed procedures to the policy itself.

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VLCT plans to develop templates for these documents. Municipalities should check the CHIP tools and resources library periodically for new materials.

A Consistent Framework for Local Decisions

CHIP can help communities support needed housing and infrastructure, but each proposal will present different opportunities and risks.

A participation policy gives municipal officials a consistent place to begin. It helps the municipality ask important questions, gather the information it needs, involve the public, and make decisions that reflect local goals and protect the community's interests.

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