Lessons from Middlebury's CHIP Experience

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Middlebury submitted Vermont's first application to the Community and Housing Infrastructure Program (CHIP) and is preparing a second application. VLCT interviewed Town Manager Mark Pruhenski to learn what the Town has experienced while working through the process, what it has learned, and what advice it can offer other municipalities. We thank Mark and the Town of Middlebury for sharing their experience. Their willingness to share what worked, what was challenging, and what they would do differently can help other local governments navigate CHIP.

Middlebury's CHIP Advice at a Glance

Based on its experience preparing Vermont's first CHIP application, Middlebury recommends that municipalities:

- **Learn CHIP before a project arrives.** Understand the basics so your municipality is ready when a housing opportunity comes forward.
- **Know your housing goals.** Talk with your governing body about whether housing is a priority and what types of housing your community needs.
- **Build your CHIP team early.** Bring the right municipal staff, officials, developer, and other partners into the process.
- **Hold working sessions before public meetings.** Use these sessions to identify questions, needed information, municipal costs, and other issues before presenting the project publicly.
- **Create an application checklist.** Review the application requirements early, open the online application, and start gathering required documents.
- **Prepare to talk about costs and benefits.** Know what the project could cost the municipality and be ready to explain why the community may choose to make that investment.

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- **Give residents clear information.** Explain CHIP basics, the process, timeline, financing, and proposed project in plain language.
- **Ask for help when you need it.** Regional economic development organizations, attorneys, VEPC, VLCT, and other partners can help municipalities navigate unfamiliar parts of the process.
- **Plan beyond the application.** Think early about who will handle CHIP financial tracking, reporting, and administration if the project is approved.
- **Don't be intimidated by the process.** The first application takes time and involves a learning curve, but Middlebury found the process manageable.

Learn More from Middlebury's Experience

Each recommendation above comes from Middlebury's experience working through its first CHIP application. Explore the sections below to learn what the Town encountered, what it learned along the way, and how those lessons can help your municipality prepare for CHIP.

Learn About CHIP Before You Have a Project

Middlebury followed the development of CHIP before the program launched, but the Town was not actively looking for a project. A housing developer and the Addison County Economic Development Corporation (ACEDC) approached the Town with an opportunity. Once the project became real, the Town had to learn CHIP quickly. Mark said he learned more about CHIP during the six weeks leading up to the application than he had in the months before

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it.

His advice to other municipalities is simple: **learn the basics of CHIP before a project comes to you.** You do not need to know every detail, but understanding how the program works can make it easier to respond when an opportunity arises.

Start with Your Community's Housing Goals

Before pursuing CHIP, municipal leaders should understand what their community wants to accomplish. Mark recommends asking your governing body whether housing development is a community priority. Municipal officials also should think about what kinds of housing the community needs and whether growing the grand list is an important local goal.

Having these conversations early can give municipal officials a foundation for evaluating a future CHIP proposal.

Bring the Right People to the Table

Middlebury brought together staff and officials from across municipal government. Its CHIP team included the Town Manager, engineering, highway, planning and zoning, Selectboard members, the finance director, and the assessor. The Town also worked closely with the developer and

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ACEDC and used an attorney to review important documents.

Middlebury found it especially helpful to hold working sessions with the developer after submitting the CHIP Interest Form. These sessions gave the Town a chance to ask questions and identify information it would need before public discussions began.

Mark recommends **two working sessions for each CHIP application**, especially for a municipality's first application.

Build a Strong Relationship with the Developer

CHIP requires close coordination between the municipality and housing developer. Mark recommends getting to know local developers well, preferably before starting an application.

The developer also will need to provide information for the CHIP application. If the developer will take on the project debt, Middlebury recommends having the developer complete the financial, debt service, and housing portions of the application that relate to its project.

In Middlebury's case, the developer and ACEDC also did much of the work to prepare a presentation, visuals, and project cost estimates. These were useful during the working sessions and during public hearings. Mark believes municipalities should expect developers seeking CHIP assistance to take an active role in providing the information needed to evaluate and explain their proposal.

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Consider Outside Help for Your First Application

Middlebury hired ACEDC to help navigate its first two CHIP applications. Mark found having a process facilitator helpful while the Town learned the program. After completing those applications, he expects the Town would probably manage a third application itself. Mark encourages municipalities to build relationships with their regional economic development corporation and ask what assistance may be available.

The Town also used its municipal attorney to review its Selectboard resolution and Housing Infrastructure Agreement. Because the Town has a previous development agreement with the developer, there was mutual trust and a working foundation. Mark recommends having legal counsel review the agreement and submitting it as a draft in case VEPC requests changes.

Use the Application to Organize Your Work

Middlebury recommends opening the CHIP application in the GEARS system as soon as the municipality submits its Letter of Intent. Seeing the application tabs helps identify the information and documents that will be required. **Mark found the new GEARS portal much easier to navigate.**

He also recommends creating a checklist based on the application guide and reviewing the application's confirmation checkboxes carefully. This can help the municipality identify required documents early rather than discovering

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missing pieces near the end of the process.

Some requirements can be easy to overlook. Based on Middlebury's experience:

- Be prepared to provide 10 years of municipal budget, capital budget, and debt information. Budget information must be separated into categories such as operating, capital, enterprise funds, and special districts.
- Make sure the preliminary Original Taxable Value certification for CHIP parcels is signed by the lister or assessor.
- Ask VEPC for the Municipal Authorization and Certification letter.
- Keep proof that public notice requirements were met. Take photos or screenshots of postings and keep copies of agendas and minutes.

Make sure the required project plan is complete before submitting the application.

Prepare for the "What Will This Cost Us?" Question

One of the biggest lessons from Middlebury's experience was the importance of preparing to discuss municipal costs.

During early working sessions, Selectboard members asked about the project's possible costs to the municipality. Because the question came up early, Town staff had time to develop an analysis before the public hearing.

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Residents also wanted to know how the project could affect their tax bills and municipal finances. Mark recommends developing reasonable estimates of municipal service costs that officials are comfortable discussing publicly.

Explain Both the Costs and the Benefits

Middlebury also learned that explaining CHIP financing can be challenging. Some residents had questions about using education property tax increment for the project. Municipal officials needed to explain that CHIP can allow a portion of future state education property tax revenue generated by the housing development to help pay eligible project costs.

Mark found it important to discuss the project's costs together with its benefits. For Middlebury, those benefits could include more housing, more water and sewer customers, additional local option tax revenue, housing for essential workers, and more low- and moderate-income housing.

His advice is to identify the reasons the community wants housing and return to those benefits throughout the public discussion.

Give Residents Simple Information Early

If Mark could change one part of Middlebury's public engagement process, he would prepare a simple handout for residents. The handout would explain

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CHIP basics, the expected timeline, and what residents could expect from the process. Middlebury's experience showed that officials need to be ready to answer questions about both the program and the proposed project's effect on the municipality.

Providing basic information early may help residents understand CHIP before they are asked to consider the details of a specific project.

Plan for What Comes After Approval

Middlebury is also thinking ahead about what will happen if its CHIP site is approved.

The Town may hire someone to help with CHIP tracking and administration after VEPC approval. It included $8,500 for this work in its CHIP application budget, although it does not yet know whether that amount will be enough.

Finance and assessing staff will also need more information once a site is approved so they can establish the systems needed for ongoing CHIP administration.

This experience suggests that municipalities should think beyond the application and consider who will be responsible for CHIP administration if the project moves forward.

The Process Is Manageable

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Middlebury's experience with its first application required time and learning, but Mark's closing message to other municipalities was encouraging: **the process is manageable.**

The first application may be the hardest because everything is new. Once municipal officials understand what is required, the process becomes easier.

Mark encourages municipalities not to be nervous about getting started. If a community has made housing a priority, he sees CHIP as an opportunity to invest time and resources in creating that housing.

And municipalities do not have to figure everything out on their own. Mark offered to share Middlebury's experience with other communities that encounter questions or need help navigating the process.

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