

February 19, 2026

Introducing CHIP – Vermont's \$2B Housing and Infrastructure Program

Vermont League of Cities and Towns



Today's Presenters

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Today's Topics

- **Vermont's housing crisis**
- **Grand list growth and tax increment financing**
- **VEPC's CHIP guidelines and guardrails**
- **VLCT's CHIP IN VT**
- **Q&A**



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Vermont's Housing Crisis

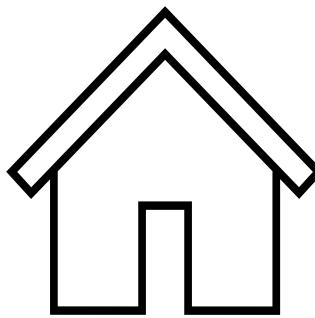
Limited supply versus increasing demand

- Rising construction costs
- Rising home prices
- Shortage of affordable rental units
- Post-pandemic market changes



How Does a Grand List Grow?

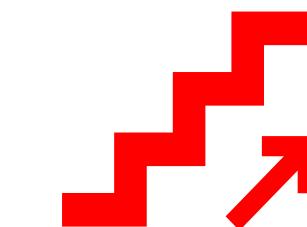
To understand the benefit of tax increment financing programs we must understand grand list growth.



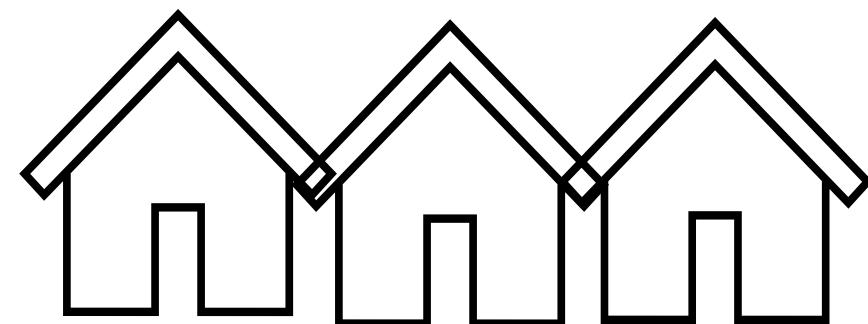
Housing
scarcity



Property
Revaluation



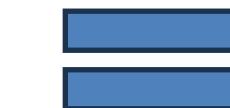
Increasing
Property
Values



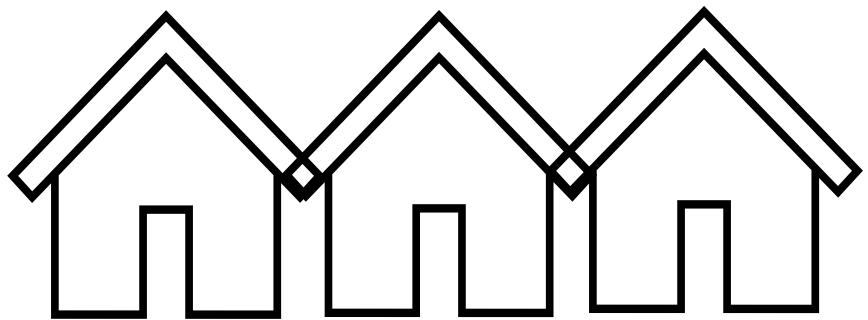
Housing
Development



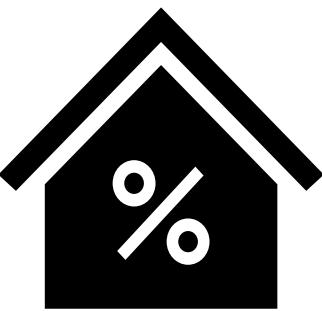
Property
Revaluation



New Property
Tax Revenue



Housing
Development 



Property
Revaluation 



New Property
Tax Revenue

Why do municipalities want CHIP?

- Equalized grand list growth is projected to be 14% (market factor)
- Real annual municipal grand list growth from all development is .8% - 3%
- Real annual statewide growth from housing is 0.4% annually

- CHIP does not use any state appropriation through grants, tax credits, etc.
- CHIP does not require an increase in municipal tax rates or utility rates
- CHIP increases state and local revenues overtime by growing the grand list

'OTV' : original taxable value



Tax Increment: the property tax revenue created from the new assessed property value minus the OTV

CHIP is a New Tool for Adding Tax Capacity to the Grand List

Home Improvement

10-acre lot
Single family home
Low density residential district
Subject to Act 250

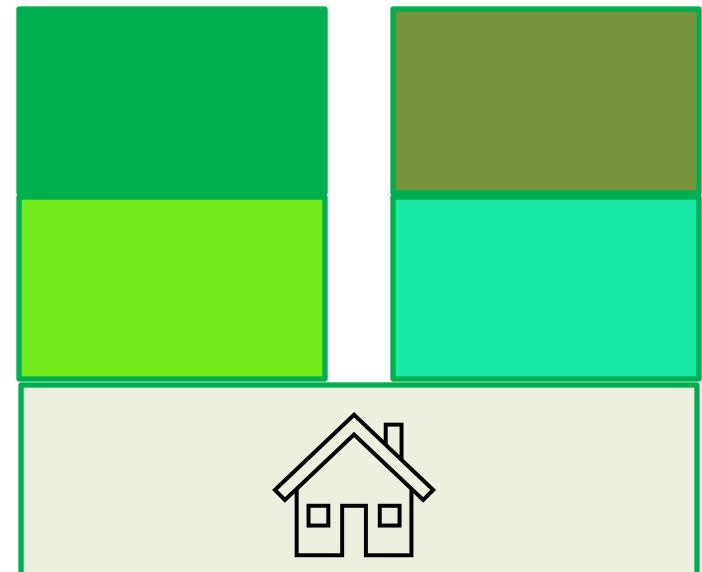


Land Use Regulation

Tier 1a
Act 250 Exempt
High Density
Mixed Use
Small Lot Minimum



Subdivision, Transfer



Infrastructure, Site Improvement



Building New Homes



✓ Property Owner

✓ State
✓ Town
✓ Voters

✓ Property Owner

✓ Town
✓ Voters
✓ CHIP

✓ Developer

Vermont's \$2 Billion Plan: The Community and Housing Infrastructure Program (CHIP)

CHIP represents the most significant public investment in municipal infrastructure and housing in state history. If fully utilized, it could drive billions of dollars of investment and help to create thousands of new homes.

- The Vermont Economic Progress Council is granted authority and oversight over the CHIP program
- VEPC may approve up to \$200 million per year of state tax increment for CHIP developments
- There are no location-based eligibility criteria; any municipality may use CHIP for projects that otherwise meet program requirements
- The program is initially planned to sunset after 10 years



CHIP versus 'Big' TIF

Like in the existing TIF program, CHIP allows municipalities to fund public improvements and other expenses using future, new tax revenue. CHIP has some significant differences to 'big' TIF that enable communities of all sizes to use it, and to specifically encourage the creation of affordable, year-round housing.

- CHIP can only be used for a single development site, more than one parcel may be included but must be contiguous
- 60% of the floor area must be housing
- "But for" test is required for market rate projects only
- all housing units must be primary residents
- debt may be acquired by the municipality, the developer, OR a fiscal sponsor
- public improvements do not need to be municipally owned but do need to provide a public good



How is CHIP "better" than Big TIF?

Faster: Incentivizes municipality to pay down the debt and take back its own new increment as soon as possible

Smaller: achievable for small, rural, and low-resource communities that are experiencing grand list loss (eligible costs includes technical assistance)

Leaner: does not require long-term, ambitious growth strategy (towns that don't want to "grow" still need to "build")

More Flexible: the developer or a sponsor can issue the debt; preserves municipal debt capacity, could be more favorable to voters





All municipalities can use CHIP!

However, not all projects will be eligible or feasible.

But For Test : CHIP is established under 24 V.S.A. Chapter 53, Subchapter 7 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.”

VEPC may consider factors such as would the development:

- occur significantly later than it could with CHIP financing
- include fewer units without CHIP financing
- be significantly less affordable to owners or renters than could occur with CHIP financing



What can you DO to make
sure CHIP works for
Vermont?

How can I help my community get CHIP ready?

CHIP is a NEW municipal financing authority. All successful public-private development projects require community buy-in.

- **Build relationships:** Meet and develop relationships with local builders. Help interested builders understand that the CHIP process will require public transparency and voter support.
- **Develop buy-in early:** Use surveys, town halls, site visits, and design charts to identify the types of housing your community wants and needs. Ask a municipal department or advisory body to lead this work. Engage "SFPs".
- **Get organized:** Now is a good time to revisit municipal policies for RFPs, purchasing, conflict of interest, debt service, unassigned funds, etc, as well as zoning & bylaw, and adopt best practices.
- **Ask for Help:** Use resources offered by VLCT & VEPC!
- **Educate voters:** Tax increment financing is confusing. Make simple, easy resources available to help voters understand how CHIP works and what it can and cannot do.

What do Vermonters need to know about CHIP?

VLCT has long supported this new fiscal authority for municipal government in Vermont, which exists in most states. In the past, similar concepts have been called "Project based TIF" or "Performance Based Contracts".

- CHIP is a financing authority of the municipality created by local process.
- CHIP does not use any state appropriation. **It is not an expense of the Ed-fund.**
- CHIP does not raise property taxes
- CHIP can grow non-property tax revenues in the short term, and will grow property tax revenues in the long-term
- CHIP spends public money on public infrastructure

Homes and Infrastructure are for the public good!



CHIP: Up To \$2 Billion For Housing in Vermont

*Jessica Hartleben, Executive Director
Vermont Economic Progress Council*

Vermont Economic Progress Council (VEPC)

An independent board of Vermont citizens, nine appointed by the Governor and two appointed by the General Assembly. There are also two non-voting representatives from each region, one designated by the regional development corporation and one by the regional planning commission.

There are also three non-voting members for CHIP applications designated by VHFA, VHCB, and DHCD.

Approval body for the Vermont Employment Growth Incentive (VEGI) program, the Tax Increment Financing (TIF) program, and the Community and Housing Infrastructure Program (CHIP).

Community and Housing Infrastructure Program (CHIP)

A statewide tax increment financing tool designed to help Vermont communities unlock housing opportunities by investing in critical infrastructure.

\$2 billion can be invested between now and 2035, one of the largest investments in infrastructure in Vermont history.

Created with the passage of S.127 (Act 69) in 2025.

The CHIP program launched January 30, 2026. Applications will be accepted on a rolling basis.

Additional Information

- accd.vermont.gov/economic-development/vepc/chip
- ACCD.CHIP@vermont.gov

What CHIP Does

CHIP enables municipalities to finance essential infrastructure (like water, sewer, roads, and stormwater systems) that support new housing development. It allows towns and cities to:

- Access long-term financing without raising local property taxes
- Capture a portion of new property tax revenues from future development
- Invest in eligible improvements that directly support the creation of homes

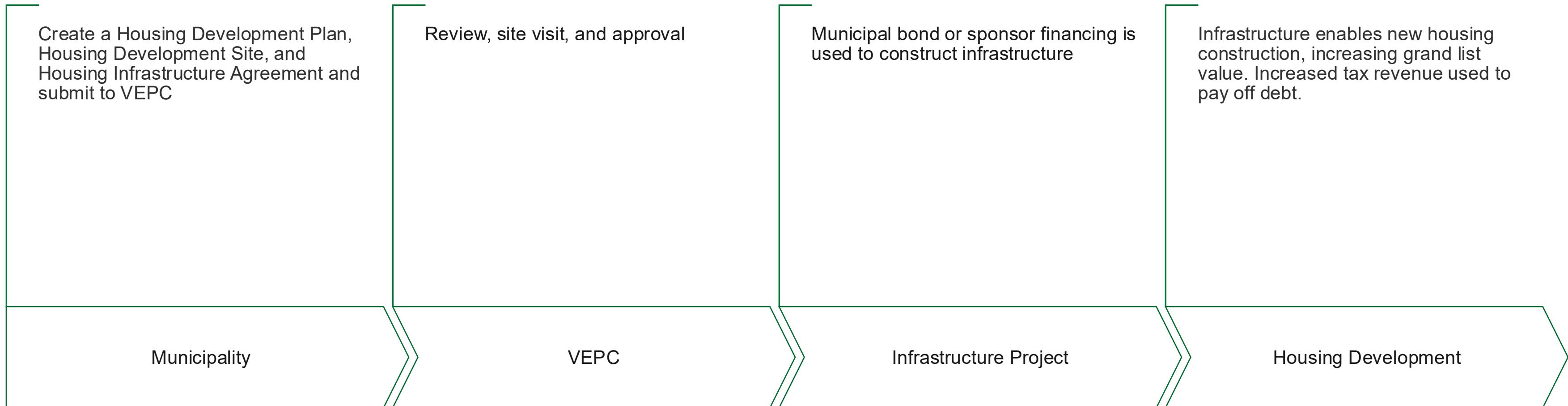
Why CHIP Matters

Infrastructure is one of the biggest barriers to housing development in Vermont. CHIP provides a scalable, municipality-driven solution to this challenge by giving communities the financial tools to:

- Grow their grand lists
- Develop the types of housing most needed in their community
- Support economic growth and workforce needs

How CHIP Works

CHIP was established under 24 V.S.A. Chapter 53, Subchapter 7 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.”



CHIP Increment

Housing Type	State Tax Retained	Municipal Tax Retained	Units Required	Area Median Income (AMI) Limit	"But For" Test
Affordable: Rental (Total annual cost \leq 30% of gross income)	Up to 85%	85% to 100%	At least 15% of units must be affordable	\leq 80% AMI	Not required
Affordable: Owner-Occupied (Total annual cost \leq 30% of gross income)	Up to 85%	85% to 100%	At least 15% of units must be affordable	\leq 120% AMI	Not required
Moderate-Income	Up to 85%	85% to 100%	At least 25% of units must be affordable	\leq 150% AMI	Required
Market Rate	Up to 75%	85% to 100%	N/A – No requirement	No cap	Required

CHIP Project Eligibility

Infrastructure improvements that serve a public good and directly support the creation of an eligible housing development. (Ex. Utilities, transportation improvements, water, and sewer.)

Must result in new or rehabilitated housing where at least 60% of the floor area of the project is dedicated to primary residences, or the project meaningfully addresses the purpose of the program.

If the project does not meet the criteria for an affordable housing development, the project must meet the “but-for” test.

While increment debt is being paid off, all housing units must be for primary occupancy.

Infrastructure Agreement

This is a legally binding agreement among the municipality, sponsor (if other than the municipality), and developer that includes terms related to infrastructure financing, affordability, unit production, timelines, and performance assurances.

The agreement must:

- Identify the sponsor for the project.
- Identify the developer and housing development.
- Obligate the tax increments retained for financing and related costs for the infrastructure project.
- Provide that any housing unit within the housing development be offered exclusively as a primary residence until the Final Repayment Date. This condition shall be satisfied by providing a landlord certificate or homestead declaration every two years.
- Provide for performance assurances to reasonably secure the obligations of all parties under the housing infrastructure agreement.
- Include the expected outcomes, including the percentage of floor area dedicated to housing, the number of housing units, the number of affordable housing units, and the expected overall housing development value.
- Detailed description of the infrastructure improvement(s), the types of costs and amount of cost of the improvement that may be financed with CHIP debt, and that the developer must provide documentary evidence to substantiate that the costs are eligible to be financed with CHIP debt and the infrastructure improvement was constructed as agreed upon.
- A provision that expressly defines the obligations of the municipality and sponsor and/or developer in the event that the tax increment generated by the housing development project falls short of the financing of the CHIP debt.

Allowable Improvements

May include, but are not limited to:

- **Infrastructure improvements**
 - Utilities, such as power distribution and transmission lines and conduit, telecommunications lines and conduit, telecommunications towers, digital infrastructure, and power or telecommunications equipment; drinking water, wastewater, and storm water, infrastructure including: water sources; green and gray stormwater practices; distribution/collection and conveyance piping and pump stations; and treatment systems, facilities, and regulatory required pertinent equipment.
 - Thermal energy networks, waste heat recovery, and community-scale geothermal.
- **Transportation improvements**
 - Publicly accessible roads, streets, bridges, parking lots, facilities, garages, and structures, multimodal facilities, public transit stop equipment and amenities, street and sidewalk lighting, roundabouts, crosswalks and/or other pedestrian crossing treatments, traffic calming features, sidewalks, streetscapes, way-finding signs and kiosks; traffic signals, medians, turn lanes, and property acquired or used for right of way such as hiking and biking trails, pathways to facilitate multimodal transportation, bicycle and pedestrian lanes, paths, and bridges, street furnishings.
- **Site preparation**
 - Acquisition, demolition, environmental remediation of contaminated property, and mitigation of a flood-prone area.
- **Soft costs**
 - Consulting, design, architects, engineering, accounting, legal, project management, associated application fees, or other professional services directly related to the implementation and construction of eligible site improvements.

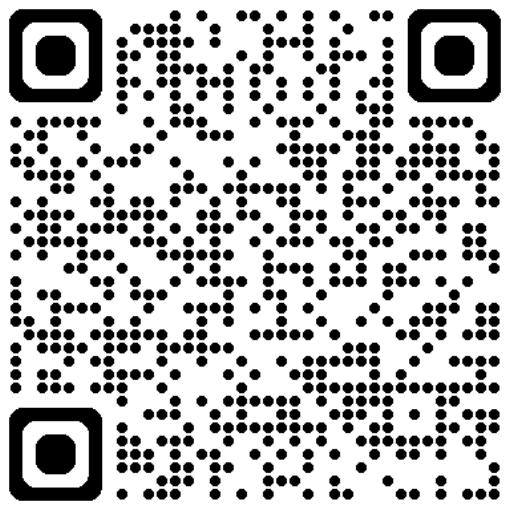
Related Costs

May include, but are not limited to:

- Cost of plans, studies, or reports
- Costs of providing public notification about, and obtaining public approval
- Costs such as consulting, design, architects, engineering, accounting, legal, project management, or other professional services incurred during preparation or implementation
- Application fees charged by VEPC for third-party analysis
- The CHIP-related costs of the independent annual municipal audit
- Municipal employee and staff costs directly related to the administration and implementation of the CHIP Site (these may only be paid with the municipal tax increment)

What You Can Do Now

1) Visit the CHIP website to access: the CHIP Guidelines, CHIP Interest Form, and CHIP Application Portal/User Guide



2) Subscribe to the Dep. of Economic Development's monthly newsletter:



Questions?

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Introducing VLCT's:



CHIP IN VT (CHIP Invest in Vermont)



CHIP IN VT

Building Local Capacity for Housing Infrastructure

VLCT's Technical Assistance for Vermont's New Community & Housing Infrastructure Program (CHIP)

- 3-year statewide workforce development initiative
- Supports Vermont municipalities using CHIP to finance infrastructure that enables housing
- Builds skills, confidence, and long-term municipal capacity to move housing infrastructure projects forward

Why CHIP IN VT?

- Housing affordability and availability is a top municipal priority
- Infrastructure often is the barrier to housing
- CHIP unlocks financing - but requires planning and capacity
- Municipal officials need accessible, practical support
- CHIP IN VT ensures every community - large or small - can use it successfully



CHIP IN VT Helps Your Municipality to . . .

- Understand how CHIP works and whether it's a good fit
- Identify infrastructure investments that could unlock housing development
- Plan projects that are financially and operationally sustainable
- Prepare strong CHIP applications
- Navigate financing, compliance, and long-term program responsibilities
- Learn from peers and statewide experts

You don't have to navigate CHIP alone.
Support is available at every stage.



CHIP IN VT

What VLCT Members Receive

Education & Training

- Member-only live webinars covering CHIP fundamentals and advanced topics
- On-demand recordings and materials available anytime

Office Hours

- Regular drop-in sessions to ask questions and get guidance
- Open to municipalities, regional planning commissions (RPCs), and regional development corporations (RDCs)



CHIP IN VT 2026 Webinar Series

- **Introducing CHIP (today!)**
- **Building with CHIP: Project Readiness and Pre-development Planning**
- **Understanding Property Valuation and Tax Increment Projections**
- **Generating Community Buy-in for Public-Private Partnerships**
- **Risk Management for Public-Private Partnerships**
- **Building Community Support**

The recorded CHIP IN VT series will be posted in the VLCT Resource Library at
<https://www.vlct.org/resource-library>.



CHIP IN VT

What Members Receive

Tools & Resources

- Templates, guides, and practical planning materials
- A growing online resource library to support implementation and compliance

Hands-On Support

- Targeted assistance for communities preparing their applications
- Peer learning opportunities and small-group support for municipalities ready to move projects forward

CHIP IN VT

Who Should Participate?

CHIP in VT is designed for municipal leaders and staff involved in housing, infrastructure, planning, or finance, including:

- Selectboard or council members
- Town managers and administrators
- Treasurers and finance staff
- Listers and assessors
- Clerks
- Planning and zoning officials

CHIP takes a team effort!

CHIP IN VT helps you strengthen your team.

CHIP IN VT

Overall Impact

- Reach all Vermont municipalities
- Serve thousands of participants
- Build strong local knowledge and capacity
- Support high-quality CHIP applications
- Unlock private investment and enable long-term housing development

Building a stronger,
more resilient
Vermont -
community by
community.



CHIP IN VT



CHIP IN VT is supported by:

- Northern Borders Regional Commission, \$500,000 (70%)
- State of Vermont Agency of Administration, \$200,000 (28%)
- Vermont League of Cities and Towns, \$10,000 (2%)



Questions?

Enter them in the “Q&A”

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- Farida Ibrahim, Grants Management Specialist, CHIP, Farida.Ibrahim@vermont.gov

For more information on CHIP visit:

<https://accd.vermont.gov/economic-development/vepc/chip>

VLCT's CHIP IN VT Contacts:

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- Bonnie Waninger, Project and Funding Specialist, bwaninger@vlct.org

For more information on VLCT's CHIP IN VT visit:

<https://www.vlct.org/CHIP>



Vermont League of Cities & Towns

SERVING & STRENGTHENING LOCAL GOVERNMENT

THANK YOU!