

State of Vermont*Agency of Commerce and Community Development***Department of Housing and Community Development**Deane C. Davis Building – 6th Floor

One National Life Drive

Montpelier, VT 05620-0501

[phone] 802-828-3211

March 11, 2025

RE: DHCD Testimony on H.134, an act relating to calculating land use change tax and creating a new land use change tax exemption for developing affordable housing

Members of the House Committee on Agriculture, Food Resiliency, and Forestry:

The Department of Housing and Community Development (DHCD) will largely defer to the Agency of Natural Resources, the Department of Taxes, and the Agency of Agriculture, Food, & Markets on the proposed changes to the Land Use Change Tax (LUCT). The concerns with aspects of the proposal would best be articulated by those entities.

Regarding the aspects of this proposal that intersect with housing, DHCD supports the concept of better aligning the LUCT with housing goals. This could take the form of exemptions to the LUCT for the development of housing, though DHCD would encourage contemplating thoughtful boundaries for this exemption that would be consistent with *Smart Growth Principles*.

The proposed boundary of areas within three miles of certain state designated areas is not consistent with *Smart Growth Principles* that guide the work of DHCD and the designated areas program. DHCD would recommend a more modest area for consideration, perhaps better in alignment with the Interim Act 250 Exemption Areas set forth in Act 181 of 2024, or within certain areas included in the Future Land Use Mapping set forth in Act 181 of 2024. For more detail on these areas, DHCD will defer to the Regional Planning Commissions or John Adams of the Vermont Center for Geographic Information.

Thank you,



Alex Farrell

Commissioner, Department of Housing and Community Development

