

# Agricultural Land Conservation & Affordable Housing Development

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## Executive Summary

This brief addresses the issue of balancing agricultural land conservation with affordable housing development by reviewing policy approaches in Vermont, Maine, and New York. While these issues are often understood as conflicting goals, addressing them in tandem can be an effective approach. A policy approach comparison including the states of Maine and New York is offered in the brief. Both states have unique programs that engage municipalities in farmland preservation through financial mechanisms and regional planning.

## Introduction

Vermonters are struggling to keep land in agriculture (62% was lost between 1969 and 2017<sup>i</sup>) and to afford housing; the share of renters with enough income to buy a median-priced home dropped from 32% to 6% between 2021 and 2023.<sup>ii</sup> The conservation of farmland and development of affordable housing are often understood as conflicting goals: conservation programs can limit housing development and development can displace agricultural land. However, their relationship is complex: the lack of affordable farmworker housing is a major impediment to farm staffing in VT,<sup>iii</sup> and flooding disproportionately impacts both farms and low-income housing.<sup>iv</sup> The VT Department of Housing and Community Development has set targets of 41,000 new residences by 2030, and 172,000 by 2050.<sup>v</sup> How might Vermont build these homes, while also conserving agricultural lands? This brief explores this question by presenting a comparison of the relevant policy efforts in Vermont, Maine, and New York. Table 1 provides an overview of the state programs that address agriculture land conservation, affordable housing, and second homes.

## Vermont

### Agricultural Land Conservation

In Vermont, there are several key programs that help protect agricultural land. Much of the recent and proposed legislation interacts with these two programs:

- **Act 250** – A state-level environmental review process for proposed developments, with reduced requirements for agricultural activities in comparison to housing development and other construction.<sup>vi</sup>
- **Current Use** - Tax breaks for land maintained in agriculture and conservation and a 10% penalty for removing land from this scheme – covers about half of VT farmland.<sup>vii</sup>

**Table 1.** *Overview of Farmland Conservation & Affordable Housing Programs in VT, ME, and NY.*

	<b>Vermont</b>	<b>Maine</b>	<b>New York</b>
<b>Agricultural Conservation Current Use Programs</b>	At least 25 acres, 50% of income from agriculture. Penalty if land is developed.	At least 5 contiguous farmland acres. \$2,000 annual agriculture sales. Penalty if land is developed.	Farm specific program: land value based on soil, minimum 7 acres, \$10,000 annual agricultural sales, 5-year enrollment period, penalty if converted to nonagricultural use.
<b>Municipal Farmland Conservation</b>	Municipal planning & zoning. Towns can apply for Act 250 exemptions in planned growth areas.	Voluntary Municipal Farm Support Program enables voluntary easements on farmland.	Agricultural districts financially support municipal farmland protection planning and agricultural easements
<b>Affordable Housing</b>	VHCB grants, loans, and construction. Act 250 exemptions for affordable housing. Farmworker housing loans.	Rural Affordable Housing Rental Program offers tax credit incentives to develop affordable units in rural areas.	NY Housing Compact prioritizes infill development. \$200,000 loan program to build farmworker housing.
<b>Second Homes</b>	Higher property transfer tax than for first homes.	H.P. 988 proposed impact fee on vacant second homes (did not pass).	A1044 proposes annual progressive tax of 0.5-4% on second homes.

### Affordable Housing & Addressing Issues in Tandem

There are several key programs that help protect or develop affordable housing. Much of the recent and proposed legislation interacts with these two programs:

- **Act 181** - Initiates a future land use mapping process which is being carried out by regional and municipal planning commissions and allows towns to apply for exceptions to Act 250 review in areas that are planned for growth.<sup>viii</sup>
- **HOME Act** – Required the development of statewide and regional housing targets and provides Act 250 exemptions for affordable housing development.<sup>ix</sup>

In addition, The Vermont Housing & Conservation Board (VHCB) provides grants, loans, and other programs that help nonprofits improve and construct affordable housing (over 15,000 permanently affordable homes since 1987).<sup>x</sup> VCHB also invests in conservation easements wherein the development rights of a parcel are sold to the state or a trust, in return for tax benefits.<sup>xi</sup> While VHCB addresses affordable housing broadly, The Champlain Housing Trust helps build farmworker housing through loan programs at 0% interest to repair (up to \$30,000) and replace (up to \$120,000) housing.<sup>xii</sup>

## Second Homes

17% of Vermont's housing stock is seasonal second homes.<sup>xiii</sup> In VT, primary residents pay different education-spending property taxes than do second homeowners/businesses: in about 2/3 of towns, second homes and commercial land are taxed more, while in the remaining 1/3 primary residences are taxed more.<sup>xiv</sup> Second home buyers in VT pay a higher property transfer tax (3.62% on closing) than first home buyers (0.5% on the first 200k, 1.47% beyond that).<sup>xv</sup>

## Proposed Changes & Program Interactions

H134 proposes an affordable housing exemption for the Current Use Program's Land Use Change Tax near areas designated for future development by Act 181 future land use maps.<sup>xvi</sup> If passed, H134 would have synergy with Act 181: town areas intended for development would be eligible for both Land Use Change Tax exemptions and Act 250 exemptions, making it easier to develop housing in these areas. H273 proposes to lower the Land Use Change Tax from 10% to 6%, while loosening the requirements for agricultural land to enter the Current Use program.<sup>xvii</sup> If H273 and H134 were to both become law, H273's reduction in the Land Use Change Tax may reduce the incentive for affordable housing development created by H134.

## Maine

Maine and Vermont are the two most rural states in the US.<sup>xviii</sup> Maine is also experiencing acute affordable housing issues, with 79% of households unable to afford median-priced homes<sup>xix</sup> and a loss of 82,567 acres of farmland since 2017.<sup>xx</sup> These characteristics make Maine a compelling point of legislative comparison to Vermont.

## Current Use & Voluntary Municipal Farm Support Program (VMFSP)

Maine's current use program covers farmland, among other categories. Like Vermont, the program values property based on the type of use rather than market value and there is a penalty if the land is developed. For farmland to qualify, the owner must have at least 5 contiguous acres of farmland producing at least \$2,000 in agricultural sales annually.<sup>xxi</sup>

Different from Vermont, Maine's VMFSP enables municipalities to decrease farmland property taxes to lower rates than the current use program. This is done through temporary easements on farmland (up to 20 years). Both full and partial reimbursements on property taxes are offered through this program.<sup>xxii</sup>

## Affordable Housing & Second Homes

Maine's Rural Affordable Housing Rental program incentivizes developers by offering tax credits to projects constructing 5-18 affordable housing units in rural areas.<sup>xxiii</sup> In 2021, proposed bill H.P. 988 supported the development of affordable housing through an impact fee (0.5% of the equalized assessed value) on properties that have been unoccupied by a permanent resident for at least 180 days during a calendar year. The fee would be distributed to the Housing Opportunities for Maine Fund for affordable housing.<sup>xxiv</sup> H.P.988 was rejected by all Republican and 17 Democrat house members, with opponents citing the impact to vacation locations owned by Maine residents and violations of private property rights.<sup>xxv</sup>

## New York

Both New York and Vermont are ~20% farmland.<sup>xxvi</sup> New York and Vermont have also historically lost farms and farmland at a faster rate than neighboring New England states.<sup>xxvii</sup> To curb the loss of farmland, New York enacted two key laws over the past 50 years: the Agricultural Districts Law (Article 25-AA) and the Agricultural Protection Act (Article 25-AAA). These laws establish the following programs that support agricultural land conservation from a state and municipal level.

### Agricultural Assessment Program (Similar to Current Use)

Unlike Vermont and Maine's current use programs, New York's Agricultural Assessment Program is specific to farmland and provides the ability to limit the property tax assessment of land in agricultural production to its prescribed agricultural assessment value.<sup>xxviii</sup> Eligible land must already be in agricultural production (2 year minimum), be at least 7 acres, and generate a minimum of \$10,000 in farm revenue<sup>1</sup>. Land's agricultural assessment is based on the soil classes of the acreage being enrolled and an annual agricultural value based on soil class. Enrolled land must remain as active farmland for 5 years and if converted to nonagricultural use within this period, a penalty of 5 times the taxes saved in the most recent year will be imposed.

### Agricultural Districts

Article 25-AA provides a pathway for counties to establish agricultural districts, groupings of tax parcels consisting predominately of viable agricultural lands, within which agricultural operations are the priority land use and farms are afforded a variety of benefits and protections, including right-to-farm provisions, limits to local regulation of farm practices, and requirements that state agencies modify regulations to encourage continuing farm businesses.<sup>xxix</sup>

### Farmland Protection Program

New York's farmland protection program conserves quality working farmland and reduces the financial pressures on agricultural businesses by financially supporting the development of municipal farmland protection plans and the purchase of development rights.<sup>xxx</sup> Through the program, the Department of Agriculture and Markets administers three grants:<sup>2</sup>

- **Farmland Protection Planning Grant** – grants up to \$25,000 for municipalities to develop agriculture and farmland protection plans.<sup>xxxi</sup>
- **Farmland Protection Implementation Grant** - biannual grants to counties, municipalities, conservation districts, and land trusts to purchase development rights and establish agricultural easements on farms.<sup>xxxii</sup>
- **Land Trust Grant** - financial assistance to land trusts assisting counties and municipalities with farmland protection efforts.<sup>xxxiii</sup>

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<sup>1</sup> Properties under 7 acres qualify for agricultural assessments if over \$50,000 in gross farm revenue is generated annually.

<sup>2</sup> Grants are funded with appropriations from the Environmental Protection Fund and with bond proceeds from the Clean Water/ Clean Air Bond of 1996. The allocation of an additional \$150 million over three years to FPIG is currently being considered (Dept. Of Agriculture and Markets, 2025).

## Affordable Housing Programs

Like Vermont and Maine, New York is also experiencing a housing crisis. The following state programs aim to meet New York's housing needs, while minimizing the development of open spaces and agricultural lands:

- **The New York Housing Compact** – comprehensive plan prioritizing infill development<sup>xxxiv</sup> through transit-oriented development re-zoning and tax exemptions, encouraging affordable housing construction and rehabilitation in urban areas.<sup>xxxv</sup>
- **Farmworker Housing Program** – loans up to \$200,000 to purchase, improve, or construct safe, healthy, and affordable farmworker housing.<sup>xxxvi</sup>

New York has also attempted to address housing shortage through proposed legislation to tax second homes. Reintroduced in the 2025-2026 legislative session, Assembly Bill A1044 proposes a progressive annual tax of 0.5-4% on second homes and 10-13.5% on nonprimary residence condominiums valued over \$300,000.<sup>xxxvii</sup> Like Maine, preceding versions of this bill were rejected citing concerns regarding its impact to New York City's real estate market.<sup>xxxviii</sup>

## Concluding Discussion

Balancing the needs of affordable housing and agricultural land conservation requires layered, state-specific policies. Vermont approaches this primarily by building on longstanding state-level programs (e.g., Act 250, Current Use Program, VHCB). In contrast, Maine and New York's approaches emphasize municipality-empowering approaches. In Maine municipalities can build upon the current use program to further incentivize farmland preservation by establishing temporary easements. New York emphasizes local farmland conservation planning and provides financial resources to municipalities to enact those plans through the purchase of development rights.

Maine's current use program is like Vermont's, though it differs in its eligibility criteria and land valuation. New York's Agricultural Assessment Program is specific to farmland and unique in that it quantifies land value based on soil class, and in that enrolled land must remain farmed for an explicit period (5 years), unlike Maine and Vermont's ongoing-enrollment programs.

Vermont promotes affordable housing through Act 250 exemptions as well as grant and loan programs offered by VHCB. New York prioritizes infill development and expanding investment in its farmworker housing program. In Vermont, second homes face a higher property transfer tax than first homes. Both Maine and New York have been unsuccessful in passing legislation to tax second home ownership.

As Vermont establishes policy to meet future housing needs and support the viability of its agricultural economy, Maine and New York provide additional approaches for these issues that could be further considered within the state.

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