Home Builders & Remodelers Association of Connecticut, Inc.

Land Use, Tax & Business Policies: 30+ Changes Connecticut Must Make

January 2014

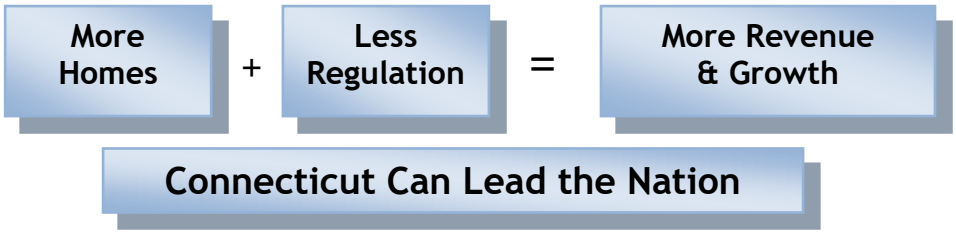
Executive Summary:

New land use, tax and business policies need to be created to better serve CT's economic growth – but grow we must. Growth is how we can pay for property tax and other tax reforms, and provide for government services.

Help us simplify CT's maze of regulations!

We can balance the need for new development of all types with environmental health and community character so that all of Connecticut's citizens can prosper and enjoy where they live, work, shop and play. We understand we are asking below for a lot of change. What we propose requires political leadership and courage. But embracing significant change is necessary to send a strong message to all stakeholders that CT will lead the nation's economic and job growth.

Guided by four principles, we offer these proposals for a better Connecticut future.



Land Use Planning & Regulation:

1. Consolidate and create only three land use "boards" in each municipality to significantly reduce our land use bureaucracy.
2. Coordinate and make more uniform our myriad local land use permit processes.
3. Reform how the public becomes involved in land use planning and regulatory decisions.
4. Remove the discretion that has crept into "as-of-right" development approvals and make "as-of-right" truly what it means.
5. Fix the subdivision open space exaction language that allows towns to take 50% or more of a landowner's property in violation of the US Constitution.

continued

6. Prohibit development moratoria except for legitimate, demonstrated public health or safety emergencies.
7. Strengthen local plans of conservation and development to promote housing growth.
8. Do not require local, regional and state plans of conservation and development (POCD) to be consistent without changing their underlying state statutes and creating a new planning hierarchy.
9. Do not mandate local consistency between zoning (and other implementing land use regulations) and the local POCD.
10. Repeal the industrial zone exemption in 8-30g, the affordable housing appeals act.
11. Authorize or mandate real density bonuses.
12. Prohibit large lot zoning or provide incentives to rezone to smaller lots.
13. Prohibit minimum floor area regulations that are not based on the Public Health Code.
14. Provide extra approval assurance and pre-approved development areas.
15. Require each municipality to anticipate and plan for growth and to adopt a long-term but flexible infrastructure development plan.
16. Require land use board and commission members to be educated about the statutes and regulations they're charged with implementing.
17. Establish a specialized land use and environmental court.
18. Authorize all municipalities to adopt land value taxation.

Environment & Public Health:

19. Correct the over-regulation of activities regarding wetlands and watercourses in Connecticut.
20. Prohibit DEEP and DPH from projecting their views of land use preferences on private property owners or municipalities.
21. Prohibit DEEP and DPH, indeed all state and local agencies, from imposing on regulated businesses and property owners their own assumed overarching "missions" to protect the environment, public health or other matters.
22. Streamline and amend the process for permitting wastewater systems.
23. Continue to address 22a-19 CEPA intervention reforms.
24. The multitude of state agency permits and decision makers must be addressed.
25. Continue to address comprehensive and complete brownfield liability relief for innocent purchasers

Taxation, Development Costs, Government Investments & Financing:

26. Stop the unjustified and job killing taxation of a home builder's inventory.
27. Prevent water and other utility companies from charging excessive fees to "hook up" to their services or otherwise disrupting the provision of certain utilities to new customers.
28. Reform how CT classifies workers as employees or independent contractors by creating a specialized rule for the construction industry.
29. Make a $10 million investment in the next budget to fund the HOMEConnecticut zoning and building permit incentives.
30. Create a Pro-Housing, Pro-Jobs AD&C Financing Program.
31. Adopt tax credits for developments meeting certain criteria.
32. Repeal, reduce or reform CT's real estate conveyance tax.
33. Utilize satellite land cover data compiled by UCONN to help facilitate the improved planning that must be done.
34. Revitalize our urban areas and correct inequities in both education grants and our property tax system.

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Four Guiding Principles

Four guiding principles lead us to our recommendations on what Connecticut must do:

I. **Homes are where jobs go at night.** Housing growth drives economic development as many businesses look to, among other things, where people live to locate their facilities. More commercial and industrial development and jobs cannot be accomplished without more housing. More housing creates many new jobs and economic activity itself, providing net fiscal positives to municipalities and the state.

More Homes

II. **Reasonable regulation is important in a civilized society, but too much regulation can paralyze an economy. We need to return to being a government of rules, not of rulers.** Policy makers need to recognize the ultimate power of the free market. We must accommodate where people want to live and the homes they want to live in. For most people, these are critically important decisions and if choices are denied in Connecticut they will go elsewhere. State and local governments must allow a full range of housing and other land use choices while protecting important environmental values and our high quality of life.

Less Regulation

III. **Growth of all types will provide more fee income and tax resources directly to municipalities and the state for public education and other government services.** A synergy of commercial, industrial and residential growth will provide opportunities to decrease income, sales and property tax rates, creating additional incentives to live and work here. Adopting the policies outlined below will create an upward cycle of increasing prosperity for all while providing more resources to protect our high quality of life.

= More Revenue & Growth

IV. **Connecticut could lead the nation by adopting a new, simpler and streamlined land use regulatory system that plans appropriately for all of society's needs, provides certainty for both development applicants and the general public and allows each community to achieve its goals more quickly and without unnecessary bureaucracy.** A simple, swift and certain regulatory process should be the goal – and if we can start with an agreement there, CT has hope. But, without significant changes in our land use, tax and business laws, Connecticut will be doomed to anemic growth and economic obscurity.

Means CT Leadership

Where development occurs and the form it takes is also critical to achieving a sound balance between environmental health or community character and meeting the demands of the marketplace. These seemingly competing goals must be better balanced. We need a variety of housing types in a variety of places. CT cannot afford to focus on one type, e.g., transit-oriented development in urban areas, without also actively accommodating, if not promoting, other types of housing that many people desire (e.g., suburban and rural single-family homes). To facilitate this balance in ways all of Connecticut's current and future citizens need, we need to restructure our out-dated land use system and make bold tax and other business policy changes.

While some limited regulatory reform has been made in recent years, political barriers to more needed change must be overcome. Our steady-state habits and old-school notions of how to handle land use issues must be discarded. Political leadership and courage is required to turn Connecticut into a national and world leader for economic growth and prosperity. **Our future is determined by the decisions (or non-decisions) we make today.**

"Whether you think you can, or you think you can't – you're right." – Henry Ford

[1] Previous versions of this policy statement were written in 2004, 2008, 2011, and 2014 and provided to the legislature in various forms.

30+ Changes Connecticut Must Make

The recommendations below are grouped into three categories. Within each group they are listed in rough priority order. All proposals have been developed after critical analyses by our industry and are based on decades of experience and expertise with land use, economic development and environmental policies. We offer them in keeping with the guiding principles above.

Land Use Planning & Regulation

1. **Consolidate and create only three land use "boards" in each municipality to significantly reduce our land use bureaucracy.** Planning a community's land uses and reviewing specific development proposals can be done much better by creating a new land use system. Our current system is based on an out-dated "model" created in the 1920's by the US Dept. of Commerce – it's past time to move on. Our new system creates the following: A **Land Use Commission** to both write the plan of conservation and development ("POCD") and all land use regulations, such as planning, subdivision, zoning, inland wetlands and other regulations that control the use of land, such as water and sewer utility planning and regulation; a **Development Review Agency** to review all applications for specific projects, from the home owner's deck to the largest developments; and a **Land Use Board of Appeals** to review requests for variances or exceptions from the regulations to handle the inevitable, unforeseen hardships or practical difficulties regulations can create.

   This change would have multiple benefits and solve many land use issues about which advocates from all sides have complained and debated over the years, such as:

   a. Preserving local control over land uses but under state enabling statutes;
   b. Ensuring that all land use regulations are drafted to implement the local plan of C&D because they will be written by the same commission;
   c. Ensuring that inconsistencies between different local regulations are eliminated because they will all be written by the same commission;
   d. Eliminating tunnel vision that can occur in certain local boards because they currently deal with only a piece of the total land use environment and creating a new holistic planning, regulatory and review structure;
   e. Providing a single responsible local entity for creating a vision of a community, planning its land uses and facilitating broad public involvement in this process;
   f. Eliminating unnecessary permit processing delays by doing away with the "ping pong" game often played in the current land use process by referring applicants to other boards and commissions, or simply waiting for other boards and commission to act;
   g. Creating a single, one-stop entity for all applications, with the Development Review Agency having the responsibility to ensure an application complies with all applicable regulations;
   h. This new system can be created to empower citizens to better plan and design their community at the front end while removing some of the adversarial tension on individual applications at the back end.

   Contrary to opponents of this idea, this sea change in our land use system is not currently allowed under our law. The fear of change should be defeated. The yoke to the 1920s "model" land use system should be broken. We must evolve to grow and prosper.

2. **Coordinate and make more uniform our myriad local land use permit processes**. Public Act 03-177, effective Oct. 1, 2003, which we assisted in drafting, helped with this goal, but much more coordination and streamlining of the process must be accomplished. We need to adopt an objective checklist, devoid of any subjective decisions, for determining the completeness of development applications to start the processing clock ticking, perhaps in conjunction with the voluntary pre-application review meetings authorized by the legislature in 2003 (PA 03-184). Individual communities can also choose to streamline their permit processes without waiting for the state legislature to do it for them.

3. **Reform how the public becomes involved in land use planning and regulatory decisions.** Connecticut's statutes must encourage more public involvement on the front end of creating plans of conservation and development, zoning maps and regulations, subdivision regulations and inland wetland regulations, but discourage public involvement on the back end of approving specific developments that comply with adopted plans and regulations, especially for "as-of-right" applications. Public hearings on development applications that meet the adopted regulations should be eliminated – if you meet the regulations then legally there is nothing for the public to comment on.

4. **Remove the discretion that has crept into "as-of-right" development approvals and make "as-of-right" truly what it means.** Even "as of right" approvals (i.e., subdivision and site plan applications), were designed by state statutes to be quick and certain reviews of proposed projects that meet the adopted regulations of a municipality, but they are routinely delayed to death by too many communities. Regulations are purposely written with vague language or catch-all subjective provisions to thwart the "as of right" intention of the legislature. And, these as-of-right developments should not be frustrated by requiring them to seek special permits or special exceptions, which come with much greater discretion to condition or deny. The use of special permits or special exceptions, especially when connected to as-of-right applications, should be severely curtailed if not prohibited in order to bring more certainty to the development approval process.

5. **Fix the subdivision open space exaction language that allows towns to take 50% or more of a landowner's property in violation of the US Constitution.** CT's subdivision enabling act allows a town to take from a property owner a fee in-lieu-of land amounting to 10% of the value of property prior to subdivision approval (or a combination of such value and actual land), but has no percentage limit on the taking of land by itself as open space. This subdivision open space requirement has been abused by many municipalities, which define available land for taking as what's left after all development restrictions are imposed (e.g., wetlands, floodplains, ridgelines and steep slopes) and then they take 30%, 40% even 50% of the good land that's left. This violates the Constitution, but since no single property owner or developer wants to risk taking on this litigation, since their livelihood depends on the very commissions they would sue, it should be incumbent on the legislature to fix it. The legislature should adopt the principles outlined by the U.S. Supreme Court in *Koontz* (2013), *Dolan* (1994) and *Nollan* (1987), all seminal cases dealing with government's exaction of property and fees from property owners. A simple fix to 8-25 would solve this issue and restrict towns to taking from a private owner no more than 10% of the value of the private land.

6. **Prohibit development moratoria except for legitimate, demonstrated public health or safety emergencies.** Moratoria on developments should not be imposed on land and home owners, builders and businesses just because a town needs more time to write regulations or draft plans. They directly and severely impact property rights and the needs of the marketplace and in the absence of legitimate, demonstrated public health or safety emergencies, should not be allowed.

7. **Strengthen local plans of conservation and development (POCD) to promote housing growth.** As noted below, the enabling statute for local POCDs, sec. 8-23, is a good, but not perfect, planning enabling act. One way to improve it is to promote necessary housing growth and more affordable and workforce housing by moving the discretionary housing considerations under section 8-23 to the mandatory sections of local POCDs. This would require every municipality to plan for housing, not just pay lip service to the need. This change would also help remove some land use impediments to greater fair housing choices. In addition, the protections for manufactured housing should be broadened, including prohibiting bans on this housing choice.

8. **Do not require local, regional and state plans of conservation and development (POCD) to be consistent unless their underlying state statutes are made consistent and a new planning hierarchy is created.** A. There has been much attention paid to and disagreement over whether local POCDs should be consistent with regional plans and the state POCD. However, before

requiring this cross governmental consistency, the current statutory authorities for local, regional and state POCDs need to be made compatible. They currently mandate different requirements and have different functions. Consistency must begin with these statutes since we cannot require consistency across plans at different levels when they have different purposes. The authority for local POCDs, Conn. Gen. Stat. section 8-23 is a good, well-balanced, but not perfect, statute. See above for how to make it better. If Connecticut is to require cross governmental planning consistency, it must duplicate that authority for both regional plans and the state plan so that they will be working "from the same page." Beginning to deal with consistency issues anywhere other than the underlying statutory authority for planning will greatly complicate the current land use process and backfire on economic and municipal development efforts.

B. Once this is done, then plans should be written mostly from the bottom up (e.g., designation of local land uses, street layout, open spaces, town centers, village districts), while reserving major issues of statewide or regional impact to be written from the top down (e.g., major highway and transportation systems, major utility systems, power plants, specific areas of statewide or regional environmental significance). We envision a process where the state drafts a statewide skeleton plan, noting the major items listed above. COGs then write regional plans filling in more of the skeleton related to items of regional significance, and then local governments fill in all the detail per CGS sec 8-23 and send final plans back up to be filled in at the regional and state level as local governments have written. This new type of planning regime could also dilute or eliminate tensions between municipalities and state agencies that make decisions based on the current state POCD.

9. **Do not mandate local consistency between zoning (and other implementing land use regulations) and the local plan of conservation and development (POCD).** Mandating that zoning be consistent with local POCDs begs the question, with what are we trying to be consistent? Many local POCDs are outdated, not written well or ignore the statutory enabling authority for writing local POCDs. Requiring zoning and other regulations to be consistent with poor plans is not sound land use policy. Rather, local governments should be made to follow the statute, C.G.S. sec. 8-23. Mandating consistency with local POCDs also would cause further delays in our land use process as it is currently constructed, create additional legal claims to challenge land use decisions and would cause other conflicts in local communities. Our recommendation to reform local land use boards (see #1 above) is a much better approach to this local land use consistency issue. See our separate policy statement on this issue (on our web site at http://www.hbact.org/ZoningConsistencyPOCDs).

10. **Repeal the industrial zone exemption in 8-30g, the affordable housing appeals act.** Unless and until significant land use reform is adopted as suggested in other policy recommendations, 8-30g remains an important tool to produce more affordable housing than what would otherwise occur in our communities. The industrial zone exemption to 8-30g essentially allows municipalities to create affordable housing free zones by zoning an area as industrial land, which then prohibits an 8-30g applicant from forcing a municipality to justify a decision to deny it. Other weakening reforms to this law adopted since 2000 should also be reconsidered. We also urge legislators to resist any further weakening amendments to this important law.

11. **Authorize or mandate real density bonuses** for cluster and conservation subdivision designs. Higher densities, using good design techniques, can decrease the land development costs per unit and preserve surrounding open spaces. In the right locations, these good development practices should be encouraged and be "as of right" just like conventional subdivisions.

12. **Prohibit large lot zoning or provide incentives to rezone to smaller lots.** Minimum lot sizes should be tied to well and septic requirements in non public utility areas or to capacity availability in public utility areas while allowing larger lots if that's what the market demands. If a town wants larger minimum lots than the public health code would require, it should have to justify the larger lots on other public health or safety grounds or compelling community character issues applicable to each zone with larger lots. It is the proliferation of larger lots, not more housing units, that creates fiscal stress on property tax payers because with larger lots there are fewer homes paying for an even greater infrastructure maintenance cost.

13. **Prohibit minimum floor area regulations that are not based on the Public Health Code.** Minimum floor area regulations force builders to build larger homes than what the marketplace may otherwise want. There is a constant need for more affordable homes and there's a market for smaller homes. Preventing minimum floor area regulations, codifying the state Supreme Court's opinion in *Builders' Service Corp. v. East Hampton PZC*, 208 Conn. 267 (1988), would help CT's affordability problem.

14. **Provide extra approval assurance and pre-approved development areas** for higher density, pedestrian friendly developments for not only industrial and commercial development but also residential developments fitting certain criteria, or at least make smart design land development plans and cluster and conservation subdivisions "as-of-right" rather than fully discretionary under special exception, special permit or "floating zone" rules. Other areas that could benefit from this pre-approved process are "grey fields" – i.e., old shopping centers or other areas with abundant asphalt that need to be redeveloped. Extra approval assurance, expedited approvals, or tax credits should be adopted for construction projects using third-party verifications of green building practices, such as use of the 2012 NGBS (National Green Building Standard) or other ANSI certified standard or practice. We note that LEED rating systems are not ANSI certified as they have not been developed through a balanced consensus process and, therefore, should not be relied upon – at least solely – to trigger government's regulations or investments.

15. **Require each municipality to anticipate and plan for growth and to adopt a long-term but flexible infrastructure development plan**. POCDs and infrastructure development plans must meet both the current and projected future demand for business and housing. Amendments to these plans should be required as marketplace changes occur. Land use plans and regulations must be used as tools to encourage development where a community would like it to go, but not as rigid blueprints to control – and eventually stifle – the free market. When that happens, all of Connecticut loses. Municipalities should be required to fund infrastructure development through equitable, broad-based revenue sources so as not to pit existing residents against future residents. Development-sponsored tax districts should be authorized by the legislature provided the enabling legislation is structured so that it serves the smaller builders and developers that make up the vast majority of the building industry in Connecticut.

16. **Require land use board and commission members to be educated about the statutes and regulations they're charged with implementing.** It is vastly unfortunate that many local land use board members do not fully understand their legal limitations under both the statutes and case law, and do not understand the basic elements and components of land use planning or of development applications. According to UConn's CLEAR office, forty percent of local commission members have no training or experience whatsoever in these issues. This is tragic because they wield tremendous power to not only shape the character of local communities but also trample on the rights of property owners and other citizens. Police, who are empowered to take away our liberty or even our life, are required to undergo extensive training while land use board members receive little if any. Life, liberty and property rights share equal status within our Constitutional system – the United States Supreme Court has stated so. Yet we've created a governmental system that too easily transgresses the latter. Education resources for local land use board members need to be studied, coordinated and enhanced to improve the training of local land use board members. Destroying the foundation of a free and prosperous society, i.e., property rights, must end.

17. **Establish a specialized land use and environmental court** to handle all land use and environmental appeals. This is a highly specialized area of law and a court dedicated to handling these issues will build more judicial expertise and a more consistent body of law. This will lead to even more predictability and certainty in our land use system. For appeals, encourage the court to suggest to the parties to utilize the existing land use mitigation statute. The judicial system recently established a land use docket to handle these cases. Time will tell if all courts in the state effectively use this new docket and follow streamlined and uniform procedures.

18. **<u>Authorize all municipalities to adopt land value taxation</u>** (or split-rate taxation) for specific areas chosen by local government to encourage development as the municipality chooses. This method of property taxation has been used successfully in other states and countries to incentivize real estate development. It allows a municipality to tax vacant or unoccupied land at a higher rate than land that is developed (or tax land at a higher rate than buildings on the land), producing an incentive for owners to develop or redevelop the property. However, unlike proposals in prior legislative sessions that limit this authority to only cities or targeted investment communities, it should be provided to all municipalities so they can use it, <u>but use it properly</u> (e.g., not imposed on the entire community but only on specific, targeted economic growth areas).

Environment & Public Health

19. **<u>Correct the over-regulation of activities regarding wetlands and watercourses in Connecticut.</u>** Connecticut's "wetlands" are defined under state law to cover the largest amount of ground of any wetland definition in the nation (e.g., CT's "wetlands" are based solely on soil classifications and do not need to have water or wetland vegetation). The state definition covers more than twice the amount of land as the federal definition of wetland under the national Clean Water Act. There is also rampant misunderstanding and misuse of the statutory concept of upland review areas under the state statute. And inland wetland agency members are largely uneducated about the job they are supposed to be doing, and the extent of and limitations on their authority under state law. Many of these local regulatory agencies are, therefore, lacking the balance necessary to weigh needed development against the protection of higher value real wetlands.

20. **<u>Prohibit DEEP and DPH from projecting their views of land use preferences on private property owners or municipalities.</u>** DEEP and DPH should be required to implement their myriad environmental and public health protection permit programs and funding decisions without assuming any overarching authority to dictate local land use decisions. Land use decisions made at the local level should be definitive in most cases (with the caveat that other policy changes are made as outlined in this policy statement, and appropriate exceptions are made for decisions that have statewide or regional significance). Then, DEEP and DPH should be restricted to merely ensure that each permit it is charged to implement is followed within the limits of each permit's authority.

21. **<u>Prohibit DEEP and DPH, indeed all state and local agencies, from imposing on regulated businesses and property owners their own assumed overarching "missions" to protect the environment, public health or other matter</u>**. While #20 above deals with state agencies injecting their own preferences for land uses on communities, this proposal would require that all administrative agencies be tempered with adherence to their specific statutory directions and limits on their administrative power when applying permitting programs charged to them by the legislature. We must return to a government of limits, specificity and simplicity and disenfranchise our untamed, unlimited, capricious regulatory bureaucracies. We need to return to being a government of rules, not of rulers.

22. **Streamline and amend the process for permitting wastewater systems.** Currently, the regulation of wastewater from residential sites when public sewers are not available is bifurcated between DEEP and DPH. If a project has less than 5,000 gallons per day (gpd), you apply to Health Districts or DPH for septic approvals. If you're over 5,000 gpd, you apply to DEEP. Also, the Public Health Code requires one to calculate 150 gpd per bedroom, so the 5,000 gpd threshold means 33 bedrooms is the dividing line as to which agency to apply. Additionally, advanced treatment system used elsewhere are either not allowed in CT or extremely difficult and time consuming to gain approval. All wastewater regulation should reside in one agency, DPH. The 150 gpd threshold should be reexamined (MA uses a 110 gpd threshold) to determine treatment system design. Are MA soils that significantly different from CT? Does MA experience more septic system failures than CT? And, the approval of advanced treatment systems should be streamline to bring CT into the 21st Century.

23. **Continue to address 22a-19 CEPA intervention reforms** in administrative and legal proceedings, by limiting the timeframes under which environmental concerns are resolved, requiring an immediate "show cause" hearing to dismiss claims that do not raise legitimate environmental issues that are both within the jurisdiction of the administrative body and went unaddressed by such body (i.e., further legislation to expand and implement PA 13-186), and prohibit an intervenor's ability to veto a settlement between a developer and a municipality if a judge finds the intervenor's interests are met. Public Act 13-186 was a small start in reforming this well-intentioned but abused law. More reforms are needed to make it work better for all.

24. **The multitude of state agency permits and decision makers must be addressed.** While admittedly broader than just environmental and public health concerns, many state agency requirements and processes must be coordinated because most development usually has more than one state permit or approval to obtain. The legislature can start this review by analyzing our development due diligence checklist produced for the legislature's Blue Ribbon Task Force on Housing in early 2008. Significant improvement was achieved for housing developments that have to apply for an STC (State Traffic Commission) Certificate of Operation through PA 11-256, sections 14 and 15, an HBRA of CT initiative, but much more needs to be done. In addition, another HBRA of CT initiative, PA 12-172, that allows qualified professionals to certify compliance with state agency permit requirements should be expanded to many other state permit programs, saving months of review time and thousands of dollars in fees to get state permits. Public Act 13-279, creating some measure of regulatory accountability by telling state agencies they need to disclose the source of their authority when regulating businesses and land owners, should be expanded to cover municipal and regional regulatory authorities, as well as utilities.

25. **Continue to address comprehensive and complete brownfield liability relief for innocent purchasers** of land to encourage cleanup and reuse of contaminated areas. Create incentives to develop brownfields and other underutilized or vacant developable properties; incentives can be both monetary (grants, tax credits) and regulatory (expedited or automatic approvals; pre-approved sites; commensurate relief of other substantive requirements on development). Brownfields legislation adopted in 2011 and 2013 may have addressed this, but time will tell.

Taxation, Development Costs, Gov't Investments & Financing

26. **Stop the unjustified and job killing taxation of a home builder's inventory** by creating a limited exemption to property tax assessments for homes under construction. Under our exemption, valuations (and consequently taxes) of 1-4 family homes under construction would not be raised until the new home either 1. transfers to a home buyer, 2. receives a certificate of occupancy from the municipality, or 3. is actually occupied by a home owner or tenant, whichever occurs first. Prior to any of these events, by definition, the home is not yet being used for its intended purpose and taxing it as if it were is unjust municipal enrichment. Auto dealers are not taxed on their inventory; Retail stores are not taxed on their inventory. Home builders should not be taxed on what is their inventory – homes under construction or completed new homes waiting to be sold. The property tax on the land would still be collected. To municipal budgets, the amounts involved are insignificant, but to a home builder who makes substantial, risky investments to build and market a new home, a higher tax assessed during construction restricts the incentive to build homes and employ more people.

27. **Prevent water and other utility companies from charging excessive fees to "hook up" to their services or otherwise disrupting the provision of certain utilities to new customers.** Water utility hook-up fees, borne out of their state-allowed monopolies, charged to developers are excessive and unfair, bearing no demonstrated relationship to a utility's costs. Natural gas utility's unresponsiveness to developers' needs is driving many developers to choose propane for their customer's fuel, even when natural gas is available in adjacent streets. Utilities must stop abusing the businesses, i.e., developers, who are bringing new customers to the utilities.

28. **Reform how CT classifies workers as employees or independent contractors by creating a specialized rule for the construction industry.** The one-size, fits-all, ABC Test used by the CT DOL, applicable for all employers of every type, does not work well for a number of businesses. Construction is adversely and severely impacted by rigid adherence to the ABC Test. Our proposal would create a special rule for the construction industry that would work to both protect workers and provide consistency and certainty for employers. See how the current ABC Test is unworkable for construction at: http://www.hbact.org/WageHourUCWorkerClassification

29. **Repeal, reduce or reform CT's real estate conveyance tax.** Repeal what was intended to be the temporary increase in the conveyance tax and keep the promise made by the legislature when it enacted the tax increase. Also, eliminate the conveyance tax on land and lot transfers intended for residential home sales to remove the double and triple payments that are made (i.e., conveyance tax is charged when raw land is sold to a developer, tax is charged again when a building lot is sold to a builder, and the tax is charged again when a home on that lot is sold to a home buyer).

30. **Create a Pro-Housing, Pro-Jobs AD&C Financing Program.** While not a land use or tax issue, this proposal is directly related to CT's growth potential. The proposal would create a new acquisition, development and construction (AD&C) financing program that is made available to market rate home builders. The lack of adequate AD&C financing has been a major impediment to developing and building more market rate housing in CT. A new financing program, managed by CHFA or an entity similar to CHFA – in either case, one that can implement a quick and simple approval process and without income or sales price limitations – using private equity funds (e.g., a wall street real estate investment trust, or REIT), should be developed to serve this need. If CHFA is to administer such a program, a change to CHFA's affordable housing mission would have to be adopted for this program. However this is done, its benefits will be huge - the vast middle market-rate housing industry is the segment that will drive higher job and economic growth.

31. **Make a $10 million investment in the next budget to fund the HOMEConnecticut zoning and building permit incentive program.** It would be foolish to pull the rug out from municipalities and badly needed housing now, and it truly is an investment that will pay back the state with increased revenues in future years. Also, adopt reforms to HOME Connecticut to allow for the program to be implemented with less required density in certain areas.

32. **Adopt tax credits for developments meeting certain criteria**, such as green land development practices that incorporate the land use segments of the 2012 NGBS or in areas where local governments want to encourage development, but these tax credits must be simply drafted with clear guiding principles and requirements and avoid any bureaucracy that weakens their utility.

33. **Utilize satellite land cover data compiled by UCONN to help facilitate the improved planning that must be done**, and the state should fund a coordinated **geographic information system ("GIS")** that can be used by all communities. This would have to wait until the state gets its fiscal house in order. Until the mindset about the need for balanced growth changes (i.e., truly becomes more balanced), we do not support using **build-out analyses**, which make assessments as to how a municipality would look if it built itself according to zoning and other land use regulations at the time of the study. These studies have proven to not serve as useful, objective tools in the hands of some land use commissions and have led to policies that limit the growth a build-out analysis suggests rather than create smarter ways to accommodate future growth. And build-out analyses by their nature, which look out twenty-five or more years as to what can be built, quickly become inaccurate as soon as any land use regulation in a community changes. If adopted, funding build-out analyses should be tied to requirements to accommodate expected growth in the smartest way possible and should be conducted only after standards are developed, perhaps through UConn's CLEAR office (Center for Land Use Education and Research), for properly conducting them.

34. **Revitalize our urban areas and correct inequities in both education grants and our property tax system.** Cities or highly urbanized areas need to take care of crime, improve education systems, reform city bureaucracies and budgets and upgrade existing housing stock to attract more

people to the cities and reduce the flight from them. A number of the state's cities have begun to do this but progress is slow and haphazard. Suburban growth is not the cause of urban decline; it is urban problems that lead to more growth further out as cities become less of an option for the marketplace. Understanding this strongly suggests that the plight of our cities can be fixed without limiting growth in the suburbs. Conversely, limiting growth in the suburbs, a tenet of some "smart growth" proponents, will not force people to choose the cities if they remain unviable options. They will go elsewhere (i.e., out of state or to other rural or outer suburban areas) and that is what has happened to Connecticut. Reform of our land use planning and regulatory system across the state as recommended here will lead to greater economic revival but cities need to continue to fix their non land use problems if they hope to participate in it. Accordingly, to assist municipalities in this goal, we need to fix the cross inequities between city and suburb of a) the education cost sharing system (which penalizes wealthier suburbs), b) the payment in lieu of tax ("pilot") system and state road maintenance practices (which penalize cities), and c) the lack of a governmental system for city and suburb to share in public safety burdens. Finally, the politically unacceptable must become acceptable and we collectively need to address the real service cost drivers faced by towns and cities, such as unfunded state and federal mandates, Davis-Bacon laws, public employee pensions and health care benefits, or even pay scales that exceed the private job market.

Other regulatory and tax policies should also be addressed, such as:

- ensuring a State Building Code is adopted without unreasonable and costly requirements and on a more reasonable update cycle (e.g., not less than every six years),
- improving the regulation of contractor businesses, including using the consumer guarantee fund fees we pay for their intended purpose,
- allowing a builder's own employees to discuss new homes and their features with potential customers without having to be licensed as real estate brokers (i.e., the "owner's exemption" from RE licensing should apply to not just the builder's principle but also to the builder's employees), and
- repealing nuisance taxes and fees for small businesses such as the minimum corporation tax, fees for online Sect. of State filings, and the building permit education fee, which has been largely ineffective at providing residential contractors with code education.

Much more needs to be done to release individuals and businesses from government's restraints, including an attitude adjustment by some government regulators so that all individuals and business owners feel welcome in Connecticut and assisted by their government. But the recommendations above provide a sufficient start to lead Connecticut back to economic prominence.

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