



**HOME BUILDERS & REMODELERS ASSOCIATION  
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*Your Home  
Is Our  
Business*

## **Do No More Harm & Help Us Recover**

**Do no further damage to Connecticut's economy by increasing the cost to build a home.**

National headlines report that builder confidence and housing production is up. Not so here.

**Housing permits in Connecticut continue a downward trend** and we're exceeding ten years of a housing depression. We are at or close to all-time lows in housing production. Permits issued in CT from January thru December in 2017 total 3,803 permits for the entire state. This was down 7.1% from the same period in 2016 (4,095 permits).<sup>1</sup> January thru Dec. of 2016 was down 23.1% from the same period in 2015 (5,322 permits). The housing construction industry cannot absorb any more legislative or regulatory hits to its gut. Consider also the following:

- A recent op-ed article by an accountant, Robert Lally, in the Hartford Courant, titled, "Connecticut: Not So Bad for Business, Companies Doing Well." Jan. 14, 2018. We don't know if Mr. Lally is an operative for the political status quo and how much credibility can be attributed to his opinion piece, but a telling line in his article is, "The solid results go right across industries. ... **Only home builders on our client list are languishing.**"

And, academic and policy research that evaluates why people move to different regions, and what makes different regions prosper more than others, confirms the adverse impact of our very high regulatory costs on housing. See for example,

- Ed Glaeser, Economics Professor, Harvard University, in *Economix*, "Housing regulations, more than those that bind standard businesses, explain the Sun Belt's population growth. If [northeast states] want to stop losing Congressional seats, then they **must revisit the rules that make it so difficult to build.**"
- Peter Francese, a New Hampshire based demographer, in *The Atlantic*, "Housing is brutally expensive in Connecticut. Millennials just say, '**This is a joke – there's no reason for me to stay.**' I can never get paid enough to pay for a house."
- Chang-Tai Hsieh and Enrico Moretti, Economics Professors at, respectively, University of Chicago School of Business and University of California, Berkeley, in the *NY Times*, "Because of the prohibitive cost of housing caused by [zoning] regulations, innovative companies ... do not grow as much as they could, and new businesses do not get created. **This means slower economic growth, fewer jobs and lower wages ...**"
- The Partnership for Strong Communities, Hartford, CT, a housing advocacy organization, states there is too little affordable housing in Connecticut. David Fink, the organization's then policy director, explained, "**The problem is that in Connecticut, housing is too expensive, and too scarce.** Too many people have to spend too much for housing. That's bad for them, and it's bad for the state's economy."

**Please do no more harm. And, HELP reverse our crushing regulatory burdens.**

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<sup>1</sup> These are for the 104 monthly reporting municipalities. In April or May, DOH releases total statewide annual permit #s, adding the remaining (all small) municipalities which do not report permits monthly.

## 2018 Session Issues

**State Budget Issues:** Proposals to close the state budget gap include new taxes and fees. Gov. Malloy's new budget would raise another \$235 million in new taxes, including raising the RE conveyance tax from 0.75% to 0.85% and 1.25% to 1.4%. See the entire list of new taxes in the Governor's proposal here: <https://ctmirror.org/2018/02/08/partisan-rift-threatens-efforts-to-close-ct-budget-deficits/>

**Property Tax Relief for Homes Under Construction (Raised by P&D, no bill # yet):** HBRA Strong Support. Home builders are hit with higher assessments on homes they are constructing but not yet sold. Builders receive these higher property tax bills when nobody is yet living in these homes. This is a perverse disincentive to builders to start home construction. Removing this disincentive would jump start home construction and will add to local grand lists. This bill would trigger the higher assessments and tax bills only when the earliest of these events occur: 1. a C.O. is issued, 1. a deed transfer to a buyer occurs, or 3. the home is first used as a residence.

**Add Clarity and More Housing Emphasis to Zoning Enabling Statute (HB 5045):** HBRA Strong Support. A proposal from the Fair Housing Workgroup (on which the HBRA had a seat), most of this bill is technical in nature that simply restructures CGS, sec. 8-2 (zoning enabling act) so that it's much easier to read. Current law looks like a 3-page run-on sentence that even zoning commission members find is too dense to read. This fix produces tremendous clarity for zoning's charge. Substantive changes strengthen housing by saying zoning shall "provide for" multifamily and affordable housing opportunities, with enforcement language to ensure compliance by local zoning.

**Housing Impact Analysis (Raised by Housing, no # yet).** HBRA Strong Support. Also from the Fair Housing Workgroup, and applicable to all new state and local regulations and utility requirements that impact the cost of producing new housing. Borrowed from existing law that requires state agencies to consider impacts on small business when adopting regulations, the bill requires state agencies, local land use regulators and utilities to conduct a housing impact analysis so that they think more about the adverse impacts they might have on the cost of housing construction.

**Mandatory Inclusionary Zoning (Raised by P&D, no # yet).** HBRA Strong Opposition. This proposal from DOH and the Fair Housing Workgroup would impose an inclusionary zoning (IZ) overlay to most zoning commissions in the state, with exemptions for distressed municipalities and some others. It requires that every multifamily housing project of 10 or more units (in the covered towns and cities) set aside 12% of the units for affordable income levels. This severely disrupts the private marketplace and many multifamily projects would not go forward. While well-intentioned to promote more affordable housing construction, which Connecticut needs, the state also needs more market rate housing. We cannot afford to lose market-rate multifamily units. The bill needs a developer option to trigger the IZ construct in the bill (builders know best if can work). Also, while there's a mandatory 20% density bonus in the bill, many other incentives (fee reductions, a fast process timeline, etc.) should be available to make IZ work.

**AT Wastewater Systems (Raised by Environment Committee, no # yet).** We're looking for improvements in the regulation of wastewater as between DEEP and DPH.

**The Final Message:** It takes too much work and too much time to make so little money in CT. Stop regulating and taxing us. Get out of our lives and get out of our way and this state will be flooded with economic growth and jobs. Please help us rebuild CT's economy, communities and better lives for all.