



HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.

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*Your Home
Is Our
Business*

RESOLUTION FOR A BETTER CONNECTICUT

Whereas, Connecticut has come to a cross-road.

We either continue on the path that we've been on – tax and regulatory policies that have failed to set the stage for needed economic, job and wage growth¹ – or we turn onto a new path to a better future for all.

- We commend the efficiency efforts of state government, but more dramatic change than leaning government's processes is required.
- Programs such as the Small Business Express Program are encouraging, but a more significant message that CT is truly supportive of businesses must be sent now.

Therefore, the HBRA of CT hereby resolves the following:

- To support efforts **TO REIN IN STATE SPENDING**, and create sustainable state spending and tax policies that **provide predictability and certainty to businesses and the state's citizens.**
- To support efforts to **REFORM AND PRIORITIZE OUR STATE AND LOCAL REGULATORY SYSTEMS** – to permit businesses of all types to prosper and grow jobs and wages without undue interference, and to allow us to build homes and communities with only reasonable state and local regulations and codes.
- **TO MAKE CONNECTICUT A TOP 20 STATE FOR BUSINESS BY 2017** by embracing coalition efforts with other business organizations and supporting and participating in CBIA's 20x17 campaign.

We pledge support to all policy makers and legislators at the state and local level who embrace this resolution for a better Connecticut.



See Home Building's Economic Impact (on reverse)



¹ The residential construction industry in Connecticut continues to face a very slow market for new single family homes and a **regulatory and tax environment that depresses new home construction.** See building permits chart on reverse.

Home Building's Economic Impact in Connecticut!

Every 100 New Single Family Homes Create:

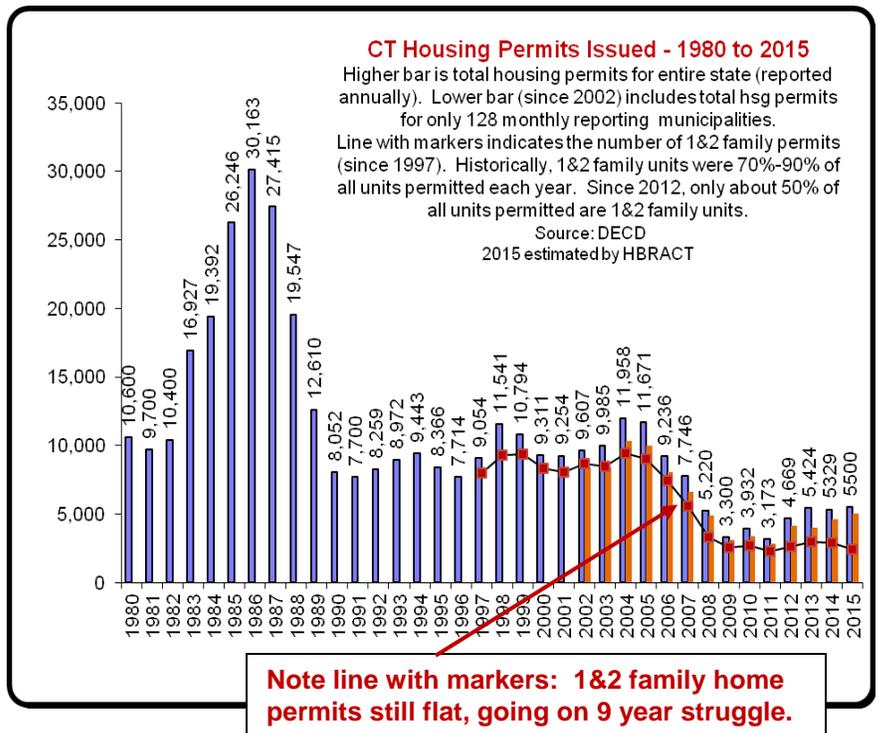
- 334 new jobs, \$29.5 million in wages, and
 - \$4.7 million in Taxes, Fees & Charges
- paid to State & Local Government in the 1st Year Alone!*

Construction of 10,000 homes in a year – normal levels – would produce:

- 33,400 new jobs annually, \$2.95 billion in wages annually, and
- \$470 million in taxes, fees & charges annually.

WE CAN HELP TURN THINGS AROUND!

But we need gov't to recognize that CT's business regulations, land use approval processes and tax & fee policies severely constrain new home production.



*

100 multi-family units create 165 jobs, \$14.5 million in wages and \$2.4 million in taxes & fees in the 1st year alone. In the 2nd year and subsequent years, on average each 100 housing units (both SF and MF) create another 52 jobs, producing annually \$4.3 million in wages and \$1.4 million in taxes & fees for state & local government, due to occupant's economic activity.

For more on how homes more than pay for themselves, go to www.hbact.org/HomesDoPay.

Economic impact data reported in "The Economic Impact of Home Building in Connecticut: Income, Jobs, and Taxes Generated" (NAHB Housing Policy Department, March 2012). Study cited extensively by CT DECD (see The Connecticut Economic Digest, Vol. 17 No. 7 July 2012). Housing permit data in chart reported by DECD.

Please Support This Package of Pro-Business Legislation

Help Change CT's Mindset about How Businesses Should Be Treated. Send a Strong Message to All that the CT Supports Economic, Job & Wage Growth.

HB 5367 (File # 230): Makes positive changes to our UC system (passed Labor 13 – 0).

- For most employees* - Raises the minimum earnings to qualify for UC benefits to \$2,000, and Calculates UC benefit rate based on the last 4 quarters of earnings, rather than current last 2 quarters, to avoid overpaying benefits to seasonal workers – * these changes DO NOT apply to construction workers, but it's a start for UC reform;
- Puts a 3-year freeze on the maximum UC benefit rate; and
- Requires recipients of UC benefits to post a resume on an online job board approved by DOL.

SB 303 (File #): Establishes an Entrepreneurs Learners Permit Pilot Program

(passed Commerce 20 - 0).

- Encourages and assists first-time entrepreneurs in starting a new business by providing reimbursements from Connecticut Innovations, Inc. (CI) for any state filing, permitting or licensing fees associated with starting the business. Substitute bill passed by Commerce is limited to new information services, biotechnology and green technology businesses, with priority for woman and minority owned businesses. Original bill was applicable to all startup businesses, which is preferable, but SB 303 is a start.

HB 5045 (File #): Revisions to Small Business Express (SBE) Program (passed Commerce 17 -3).

- Modifies eligibility for loans and grants from the SBE by reducing the number of months a business must have been operating from 12 to 6; requires loan applicants to demonstrate that they were denied a loan of similar amount from a private lender; and requires DECD to establish an additional fund under SBE, in collaboration with private lenders, to encourage lending and provide businesses with access to capital.

HB 5047: Section 1 exempts from property tax the personal property owned or leased by a business which has a total assessed value of less than \$10,000 (in Finance).

- Applicable businesses must apply for the relief to the tax assessor by filing a property declaration showing their assessed property is below \$10,000. Claims by assessors that this would enable more deceit by business owners have no merit. Such property declarations are filed under penalty of false statement, the same as is done now.

SB 302 (File #) and SB 362 (File #): Amend state agency's small business regulatory impact analyses (Similar bills, SB 302 passed Commerce 20 - 0, and SB 362 passed Gov't Administration & Elections 20 - 0).

- Amends the current requirement on state agencies to conduct a small business impact analysis when proposing regulations by 1) raising the definition of small business from 75 to 250 employees, 2) requiring the analysis at the beginning of the regulatory process rather than the end, and 3) adding specific items to include in the analysis.

HB 5498 (File #): Revises Regulation Review Process (passed GAE 20 - 0).

- Amends law requiring state agencies to review their current regulations by making the process more workable. The bill requires legislative committees that oversee agencies to hold agencies responsible for the periodic reviews of their regulations. This is an important process to address outdated, unnecessarily burdensome, inefficient or ineffective regulations.

HB 5500 (File #): Suspends Administrative Penalties for First-Time Violations (passed GAE 19 - 1).

- Allows state agencies to waive penalties on businesses for certain first-time violations, except for 1) willful or grossly negligent violations, 2) violations that result in bodily injury, or 3) violations that require a penalty under federal law. The violation also has to be corrected within 30 days.

Home Builders & Remodelers Association of Connecticut, Inc.

Concerns/Needs Amendment

HB 5180 (File #), An Act Concerning the Crumbling Concrete Foundation Issue

(passed Planning & Development 19 - 1)

What the Bill Does

- Amends the residential property condition disclosure report to add a statement that a home inspection should include an evaluation of any concrete foundation and septic tank for the presence of oxidizing minerals and damage to such concrete caused by same.
- Requires concrete companies to analyze the aggregate they use in their concrete for the presence of any oxidizing minerals. Presumably – although unclear – these analyses would be pursuant to standards to be adopted by and on a form prescribed by the State Building Inspector. The bill does not specify how often such analysis must occur, but requires them to be filed with the State Building Inspector, who shall keep them on file for no less than fifty (50) years.
- Requires, prior to issuance of a CO for a new residential or commercial building, the building official to be provided 1) the name of the supplier of the concrete for foundations or septic tanks, the name of the installer of such concrete, and the date(s) on which the concrete was installed, and 2) the fact that the analysis by the concrete supplier is on file with the State Building Inspector.
- Allows homeowners to request a revaluation from assessors if crumbling concrete foundation exists.
- Requires State Building Inspector to investigate and report on alternative methods of foundation repairs.
- Requires DCP to report on the rights and obligations of condo unit owners, and to keep records of failing concrete foundations confidential for not less than three years.

Comments

- While the investigation of the issue by the Dept of Consumer Protection is not complete, we believe the main issue is caused by the mineral pyrrhotite contained in the gravel (aggregate) used by one particular concrete company. We recognize that the problem manifests 10-15 years later in the form of crumbling concrete, and that it requires highly expensive repairs.
- Crumbling concrete is NOT caused by how contractors pour foundations because residential concrete is poured (installed) the same way everywhere, yet the problem has shown up only in a defined area using one particular concrete company's batching (mixing) plant.
- **HBRA urges a 2-prong solution to the issue:** First, address current financial burdens faced by homeowners and others by using CT's political weight to urge release of federal disaster relief funds. Second, require concrete companies to test the aggregate they use to ensure pyrrhotite is not present, based on an aggregate standard that also needs to be developed.

AMENDMENTS NEEDED:

- The bill includes concrete septic tanks, which are not poured on site as are foundations. Septic tanks come to a site pre-cast from tank suppliers; Builders have no knowledge of where the concrete comes from that makes a tank; they can identify only who supplies the tank. Moreover, tanks are also easier and much less expensive to replace if they fail than are home foundations. And, how does one inspect a septic tank for oxidizing minerals without invasive procedures that may compromise the tank itself? Leaving it to home inspectors to figure out is not sufficient. **Including concrete septic tanks in the bill creates requirements that cannot be met as written. Thus, provisions dealing with septic tanks for both home inspections and to obtain a C.O. need to be amended to make sense.**
- The aggregate test required of concrete companies should be limited to an **annual** analysis to control costs. The analysis should be **imposed only after an analytical standard is first developed** by regulation. Otherwise, the vague and open-ended requirement in the bill will cause unknown costs and disruptions not only for concrete companies but also for the entire design and construction industry.
- Builders and homeowners doing their own concrete work **can** notify the building official of who supplied the concrete, who did the installation and the date(s) of the concrete pours, BUT they do not know and **cannot know** whether the concrete company completed or filed with the State Building Inspector the aggregate analysis required in the bill. **Thus, rather than make this a condition of obtaining a C.O., concrete companies should be required to do an aggregate analysis prior to using or delivering their concrete to a customer.**

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Concerns/Needs Amendment

SB 388 (File #), Authorizes a New Process for Adopting the State Building Code, Fire Safety Code and Fire Prevention Code (passed Public Safety 14 - 11)

What the Bill Does

- A proposal from DAS (Dept of Administrative Services, under which serves the State Codes & Standards Committee, State Building Inspector and State Fire Marshal) **would allow three statewide codes** (Building Code, Fire Safety Code, Fire Prevention Code) **to be adopted without going through the normal state agency rulemaking process (Chapter 54).**
- The bill also would allow such codes – unlike all other state agency regulations – **to be adopted without receiving final approval from the legislature’s Regulations Review Committee.**

Comments

- **Contrary to Public Safety Committee’s discussion on this bill, our Codes are largely not antiquated, except for very specific examples, such as CT’s elevator code was last updated 20 yrs ago.**
- **The current Codes and Standards Committee process is very thorough – AS IT NEEDS TO BE because national model codes are far from perfect. Also, the Regulations Review Committee step does not cause the delay toward final Code approval about which some complain.**

AMENDMENT NEEDED:

- **Substituting the normal Chapter 54 process for the new process outlined in the bill is OK except for the deletion of the Regulations Review Committee’s final approval. Thus, the bill needs to add back in that last step to preserve that critical check and balance over agency regulations.**

Concerns/Do NOT Amend 8-30g Further

HB 5363 (File # 187), Makes Changes to 8-30g, Affordable Housing Appeals Act (passed Housing 11 - 0)

What the Bill Does

- The random, disjointed changes in section 1 to the Act make it easier for some municipalities to obtain points toward a temporary moratorium from the act (during which a developer cannot use 8-30g).
- Section 3 adversely changes the affordability levels for Incentive Housing Zone developments.
- Both sections 1 and 3 sunset and revert back to current law after five years.

Comments

- **The HBRA strongly supports 8-30g as a vital tool to overcome the exclusionary regulations and actions that keep affordable housing out of many communities.**
- **While the 8-30g changes in HB 5363 are relatively minor, albeit random and not connected by any rationale policy, we know they will not satisfy the opponents of the act. Therefore, the bill remains a vehicle for worse changes to 8-30g likely to be proposed as amendments on the floor of the Senate or House.**
- **Please do not allow any further changes to 8-30g beyond HB 5363.**
- **The affordability changes to the HOME CT program will reduce HOME CT developments in high income areas of the state.** The change bases affordability on the lesser of state or area median income (versus current law that’s based on area median income only). This means that affordability is ratcheted down in higher priced areas, such as Fairfield County. While on its face this seems like a good thing, it means for-profit developers will have a more difficult time making the IHZ program work. Thus, the impact would mean less IHZ projects will be proposed in higher priced areas of the state, exactly the place where they are needed most.
- **We urge you to delete Sec. 3 and 4 to promote Incentive Housing in higher price areas.**

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Oppose HB 5549 (File # 198): Creates an Unbalanced Codes & Standards Committee (CSC) within Dept of Administrative Services by Adding Two More Fire Marshals (passed Public Safety 21 - 4) (Ref to GAE on 3-29)

What the Bill Does

- The bill expands the size of the CSC – the volunteer body that writes our State Building Code – from 21 to 23 members with the addition of 2 more fire marshals

Comments

- The bill creates an unbalanced code development group, giving fire marshals unjustified more representation than any other constituency. Balanced representation on CSC is critical to our code development process, because the model codes, upon which our State Building Code is based, are very lengthy and highly technical, and the model codes are far from perfect.

Current Law	HB 5549
2 architects	2 architects
3 engineers (2 structural, mechanical or electrical engineers, and 1 fire protection engineer or mechanical engineer with substantial fire protection experience)	3 engineers (2 structural, mechanical or electrical engineers, and 1 fire protection engineer or mechanical engineer with substantial fire protection experience)
2 builders (1 commercial, 1 residential)	2 builders (1 commercial, 1 residential)
1 public health official	1 public health official
2 building officials	2 building officials
2 fire marshals	4 fire marshals
1 building trades labor union member	1 building trades labor union member
1 energy efficiency expert	1 energy efficiency expert
4 public members (1 with expertise in accessibility matters)	4 public members (1 with expertise in accessibility matters)
1 electrician, 1 plumber and 1 HVAC contractor	1 electrician, 1 plumber and 1 HVAC contractor
Total: 21 members	Total: 23 members

- **To the extent fire marshals have lost votes on the CSC for items they have wanted (e.g., mandatory fire sprinklers in all new 1&2 family homes), they should look first to the logic and reasonableness of their requests before seeking to change the voting seats on the CSC.**
- The Dept of Administrative Services, the Codes and Standards Committee (by an 18-2 vote), and the entire design and construction industry all oppose this bill.
- It is supported by only fire marshals.
- Fire marshals presented their case for this bill by falsely claiming that no other constituency on CSC is focused on public safety.

Oppose HB 5561 (File #): Creates New Rights for Consumers in Contracts with Businesses (passed Banking 10 - 8)

What the Bill Does

- Makes certain provisions in all business consumer contracts unconscionable and a violation of the CT Unfair Trade Practices Acts (CUTPA), and establishes a “private attorney general” provision that allows a person to sue a business under CUTPA and allege CUTPA violations against other consumers that may be “similar” to their own.

Comments

- This bill is unwarranted as consumers have ample avenues to seek relief against a business.
- The vague language on prohibited contract provisions could invalidate arbitration, mediation and liquidated damages clauses in contracts.
- The bill substantially changes the law on what contracts are unconscionable.
- The new private attorney general provision will generate much unneeded litigation that will benefit only trial lawyers.

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Oppose HB 5377 (File # 234): Section 1 Expands Requirement to Pay Prevailing Wages to All Private Construction Receiving any State Funding.

(passed Labor 13 – 0 with the understanding by all that it's a Work in Progress and the current bill will not be called).

What the Bill Does

- Section 1 would raise the cost of housing and renovation projects connected with any state financial assistance by requiring all workers at these housing sites be paid artificially high prevailing wages.
- Section 2 raises the prevailing wage thresholds for public works projects (\$400K to \$4 million for new construction; \$100K to \$2 Million for renovation work). While we support this raise, we hold no illusions that the Labor Committee leadership would allow this section to stay in the bill.

Comments

- **Section 1 could remove our industry from participating in several worthwhile state housing programs**, further depressing economic activity in the state. Certain housing finance programs administered by the Dept of Housing (DOH) or the CT Housing Finance Agency (CHFA) do not require prevailing wage rates at housing construction sites. We have been working with DOH and CHFA, at their behest, to help these agencies streamline their processes and applications so that more for-profit home building businesses will consider the agencies' resources as a source of financing. **The new requirement in Section 1 to pay prevailing wage rates at sites using any DOH or CHFA resources will shut down this cooperative and worthwhile effort.**
- **While unclear, Section 1 may also adversely impact the Incentive Housing Zone (IHZ, or HOME CT) program.** The HOME CT program pays state incentives to municipalities that approve IHZ projects. The program depends on the private sector home building industry to engage municipalities, in cooperation, to produce these new housing communities. **If home builders would be required to pay prevailing wages for any HOME CT project, the result is that most if not all will abandon pursuing the HOME CT program.**

Oppose SB 221 (File # 264): Paid Family and Medical Leave Mandate on Businesses with 2 or More Employees (passed Labor 9 - 4)

What the Bill Does

- Applies to businesses with 2 or more employees. Requires employees to pay into a paid leave program that will allow them up to 12 weeks of paid leave per year, at 100% of their pay.

Comments

- **Has unknown cost; identical program in WA state was abandoned after \$235 million projection.**
- **Will necessitate hiring of 100's of new state employees to administer (Federal restriction prohibits current DOL employees from administering it).**
- **Requires small businesses to continue to provide non-wage benefits to employees out of work.**
- **Requires small businesses to pay for replacement workers while employee is out on paid leave.**
- **It's an unnecessary, one-size-fits-all program. Most employers provide flexibility to their employees but in various ways – ways that fit the needs of the business and their employees.**

Oppose HB 5591 (File #): Retirement Plan Mandate (passed Labor 8 - 5)

What the Bill Does

- Applies to businesses with 5 or more employees. Requires automatic enrollment of any employee not eligible for an employer sponsored plan at a default rate of 6% of their pay. Employees can opt out. Requires employers to set up payroll deductions and transfer employee's contributions to the plan and perform a variety of admin tasks.

Comments

- **Has projected multi-million dollar startup cost.**
- **Relies on highly optimistic assumptions in order to be financially sustainable.**
- **Requires Employers to enroll employees into a retirement plan they know nothing about.**
- **Requires employees to enroll in a plan that the state designs, yet the state denies any fiduciary liability for participant's contributions. Liability likely falls on taxpayers.**
- **Better alternative is the private sector exchange set up by Washington state that is voluntary for both employers and employees.**

**Thank you for considering the views of the
residential real estate development and
construction industry of Connecticut.**

**A thousand businesses, employing tens of
thousands of CT workers.**



The HBRA of CT's Vision:

**“Building CT’s Economy, Communities and
Better Lives One Home at a Time.”**