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*Your Home  
Is Our  
Business*

January 17, 2008

To: Honorable Joan McDonald  
Commissioner  
Department of Economic & Community Development

From: William H. Ethier, CAE  
Executive Vice President & CEO

Re: Connecticut's Economic Strategic Plan

Thank you for the opportunity to testify on the important work of developing a strategic plan for the state's economy.

The HBA of Connecticut is a professional trade association with over one thousand five hundred (1,500+) member firms statewide employing tens of thousands of CT's citizens. Our members are residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to this diverse industry. We also created and administer the Connecticut Developers Council, a professional forum for the land development industry in the state. I have been with the HBA of Connecticut for fourteen years and I served on the HOMEConnecticut Steering Committee since its inception. I also serve on the Board of Directors for the Connecticut Partnership for Balanced Growth. Previously I practiced land use and environmental law in Connecticut and worked for the National Association of Home Builders for over 10 years on real estate development issues across the nation.

Attached to this testimony are three documents that we believe are relevant to developing the economic strategic plan (these can also be found on our web site):

- [Transportation & Housing in Connecticut: Economic Links & Policy Disconnects](#) (Oct. 2003);
- [Land Use, Growth & Taxes: What To Do](#) (December 2004); and
- [Smart Growth Myths: Why Some Smart Growth Policies May Not Be So Smart](#) (January 2008).

For over ten years, we have been delivering these and similar messages advocating for changes to our regulatory system. Despite limited progress to date, we remain convinced that our messages are still needed and relevant. If some of the policy recommendations we recommend are adopted, we strongly believe that significantly greater economic expansion and job growth in Connecticut can take place and it can be done in balance with protecting important environmental resources and community character. However, much more progress needs to be made on adopting any number of the policy recommendations in the attached documents.

Our general message is that government at both the state and local levels need to lighten up on regulations and release the free market to energize our economy. We have become a state that is heavily burdened by regulations at every turn. The land use approval process (a process in which our members are engaged on a daily basis) is particularly arduous. The bottom line is that it is simply too difficult to get things built here. Our regulations stop innovation, reduce supply of homes and other buildings, and raise costs and prices for businesses and consumers. So, too many investments, entrepreneurs and citizens go elsewhere.

We, of course, have a particular expertise and extensive experience regarding housing. More commercial and industrial development and job growth cannot be accomplished without more housing. Businesses require employees and employees require homes. Put another way, homes are where jobs go at night!

Housing growth drives other types of economic development, yet we are one of the lowest housing production states in the nation. Connecticut has consistently ranked 48<sup>th</sup> in the nation since 2000 in terms of new housing units constructed per capita. Housing is not immune from the economic law of supply and demand. With housing supply at very low levels it should come as no surprise, therefore, that our housing prices are very high, contributing to the overall high cost of living that drives too many people away from Connecticut.

As the only statewide organization representing developers and builders of new housing, and whose members on a daily basis work with their customers as well as the regulatory system that allows them to build, we firmly believe that the single, most important impediment to growing our housing supply is the burdensome regulatory system we have here in Connecticut. Roadblocks occur at almost every governmental stop. At the state agency level, the administration needs to take responsibility to remove these barriers to getting things done here.

Many other roadblocks to housing and other economic development occur at the local level. Beginning about fifty or sixty years ago, the state gave local governments the authority to zone and subdivide land and create all the other various local boards and commissions to control the private sector's use of their own land. State statutes today still form the basic legal authority for local governments' land use regulations and processes. But the limitations on this authority, weak as they are, have been increasingly ignored and the powers granted have been greatly expanded by mountains of local government ordinances and procedures.

A new, broad statewide housing policy is critically needed. Housing should not be stagnant because we are stifled by over-regulation. A new pro-housing policy would mean the state has to reexamine its delegation of land use authority to municipalities. Land use decisions are best made at the local level, at least for most types of development, but local authority to do so must be critically examined to make the enabling statutes work better for all and for the overall economic health of the state.

Greater development of all types will provide more tax resources directly to municipalities as well as to state government, which can then distribute more resources to towns and cities, further reducing property tax burdens on citizens. A synergy of commercial, industrial and residential growth could even provide opportunities to decrease income, sales and property tax rates that will create additional incentives to live and work here. We also urge you to review the Smart Growth Myths document attached and recognize that CT is not in danger of losing its open space and farmland.

By adopting significant land use policy changes, we can create an upward cycle of increasing prosperity for all while providing more resources to protect our high quality of life, achieve our environmental goals and preserve and create the community character we all want.

Reasonable regulation is important in a civilized society, but 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 (and do) go elsewhere.

State and local governments must facilitate a full range of housing and other land use choices while protecting important environmental values and community character. We also believe this can be done without state money for developers. Certainly, the needs for supportive housing and low income housing are also important in a civilized society and more funds should be expended to service people in need. HOMEConnecticut funds are important to incentivize local governments to allow more housing to be built. But the for-profit building industry can build as much housing as the free market needs and wants if government only got out of the way. Our industry can lead our economy to strength if government would let us.

A new housing policy should endeavor to make the housing approval process throughout Connecticut (at the state agency and local levels) more efficient in terms of both time, certainty of outcome and in how we use our land, thus producing more affordable homes and apartments for all segments of society. It is not enough to have just low income housing policies and assume that market rate housing will take care of itself because the anti-housing delays and denials at the local and state levels substantially affect the availability and ultimate price of market rate housing.

Until the state comprehensively and aggressively addresses the housing wants and needs of its current and future citizens at all income levels our other efforts to improve our economy will be for naught and we will continue to lag behind the rest of the nation.

In addition to a new, broad, statewide pro-housing policy, we urge you to consider the specific policy recommendations that are included in the three documents attached.

Thank you again for this opportunity to testify on this important planning work.

Attachments