CONNECTICUT
CONFERENCE OF
MUNICIPALITIES

900 Chapel St., 9th Floor, New Haven, Connecticut 06510-2807
Phone (203) 498-3000 • Fax (203) 562-6314 • www.ccm-ct.org

THE VOICE OF LOCAL GOVERNMENT

# TESTIMONY

of the

# CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

# PLANNING & DEVELOPMENT COMMITTEE

February 25, 2008

The Connecticut Conference of Municipalities appreciates the opportunity to testify on the following bill of interest to towns and cities:

**S.B. 39, "An Act Concerning Responsible Growth"**

CCM commends the Governor for her leadership in putting forth a proposal that seeks to develop a smart growth strategy for the State. Implementing a comprehensive smart growth policy is a long-time CCM top priority.

The time is ripe for real movement on Responsible Growth. Recent findings by very different groups – 1000 Friends of Connecticut, the Roman Catholic Archdiocese of Hartford, the Connecticut Regional Institute for the 21st Century, and the State of Connecticut Blue Ribbon Commission on Property Tax Burdens and Smart Growth Incentives -- link Connecticut's present property tax and land-use policies with development "sprawl." These policies combine to drive people and business away from cities, urbanized towns and other already-developed areas. These policies eat up precious green and open spaces. The reports show that towns of all types -- suburban, rural and urban -- are being hurt:

➢ A growing number of *small cities and older suburbs*, home to nearly half of the state's population, *face significant and growing poverty.*

➢ A large group of *fast-growing, middle-class suburbs are struggling* to provide schools and infrastructure with insufficient resources.

➢ *Especially hard hit are Connecticut's central cities and urbanized towns.* These municipalities must cope with poverty rates nearly three times the statewide average and with local tax bases that are just 40 percent of the average and growing slowly.

➢ *Sprawl threatens the state's natural resources and farmland.* The amount of urban and suburban land in Connecticut continues to increase at a dramatic rate – even though the population hasn't grown much over the last 20 years. Runaway growth devours farmland and churns out paved residential and commercial development -- changing an area, and our state, forever.

Cooperative land-use planning among the State, towns and cities can strengthen communities, preserve the environment and help the economy by improving transportation systems. Reforms that shift the revenue burden away from property taxes can stabilize fiscally stressed schools, help communities pay for needed public services and reduce competition for tax base.

A thoughtful approach can strengthen communities, preserve the environment and help the economy of the State. Reforms that shift the revenue burden away from property taxes can stabilize fiscally stressed schools, help communities pay for needed public services and reduce competition for tax base.

SB 39

S.B. 39 would, among other things, (1) require that local land use regulations be consistent with the local plan of conservation and development, unless the local legislative body approves such regulations, (2) allow municipalities, owners and developers to enter into voluntary "community benefit agreements", (3) establish a "Walk the Walk" program that requires at least 2% of the project total for all state-funded development projects contain provisions for "pedestrian and other non-motorized transportation improvements. The Secretary of OPM may waive the requirement upon a finding that the" nature, scope or location of the project is not appropriate for such improvement", (4) establish a Responsible Growth Cabinet, (5) require that regional incentive grant applications be consistent with "responsible growth principles", and (6) statutorily define "Responsible Growth" principles: "the use of land and resources in ways that enhance the long-term quality of life for current residents of the state and future generations and that maximize previous investments in existing infrastructure while preserving distinctive landscapes, historic structures, landmarks and villages".

The Cabinet would advise the Governor on issues relating to: 1) economic growth and real estate development; (2) sound land use; (3) open space, farmlands and historic sites; (4) clean up and reuse of valuable properties located in urban areas; (5) steering growth and real estate development to appropriate areas; and (6) revitalizing cities and communities, to "preserve the unique charm of our state".

CCM can support making land use regulations consistent with local plans of conservation and development *if* the Committee enacts a comprehensive smart/responsible growth program. Further, CCM recommends that there be municipal representation on the Responsible Growth Cabinet. The Cabinet's actions greatly effect towns and cities. The Governor's Early Childhood Education Cabinet has non-state officials on it, so there's a precedent. We suggest 6 municipal representatives: 4 appointed by CCM and 2 appointed by the Council of Small Towns.

While S.B. 39 has elements that would advance the concept of smart growth, it does not go far enough. It does not contain the necessary state financial and other investments for effective and supportable solutions to the smart growth-related challenges facing our state. S.B. 39 imposes more requirements without committing real state dollars. A comprehensive policy cannot be done on the cheap. CCM strongly urges the Committee to enact a meaningful smart growth proposal that includes the following:

RPOs to COGs

CCM strongly recommends voluntarily transitioning regional planning organizations (RPOs) into regional councils of government (COGs) by creating state incentives that would help RPOs to become newly-enhanced Councils of Government (COGs). COGs (and similar structures called "councils of elected officials" or CEOs) grant decision-making power to elected mayors and first selectmen and to appointed chief executive officers – people who are accountable for their decisions. The State should enact an expedited process to encourage this transition.

Because COGs are comprised of municipal officials accountable to the voters, these bodies can be granted more significant authority in an effort to increase regional cooperation and thus improve efficiency. It also would provide a real opportunity for property tax relief and reform, as well as joint economic development. To accomplish this, CCM recommends the following:

- Municipalities be *clearly authorized to share local property tax revenue*, particularly when it results from joint efforts at economic development.

- *Allow COGs to share a portion of the sales tax generated within their regions.* Sales tax revenues are an ideal funding mechanism for regional cooperation because allocation of funds by the COGs would reflect spending choices by the residents of the region. Also, it has a proven track record: most, if not all, of the other states that have authorized regional 'asset' expenditures use the State sales tax as the funding source.

- The State pay for *one-time capital expenditures for equipment for joint municipal undertakings*. For example, if a group of municipalities wanted to share tax, data and information technology the State could pay for the hardware; the State could also buy fire-fighting equipment when it is to be shared by a group of municipalities, rather than having each municipality (even very small ones) buying their own expensive trucks and other equipment. Similarly, State support for shared capital facilities would be a major incentive (e.g. dog pounds, firehouses, and even schools and sewer treatment projects).

- *COGs be authorized to bond for capital projects* that would benefit the entire region.

- COGs be granted the *authority to work jointly on planning and zoning issues, and to make regional land-use decisions.*

- Regions be granted *the ability to negotiate master contracts* for their teachers and municipal employees.

- The General Assembly *review collective bargaining and other labor-law impediments to joint service delivery.*

Sales Tax Dedication

CCM recommends dedicating .5% of the sales tax to regional councils of government. Allowing COGs to share a portion of the state's sales tax would offset the need to raise property taxes.

The sales tax presently brings the state approximately $3.4 billion, so if regions were to get .5% of the 6% it would distribute $282 million to them.

The Blue Ribbon Commission on Property Tax Reform and Smart Growth Incentives recommended that COGs be authorized to not only share tax revenue, but to "share local property taxes, pursuant to existing law – CGS 7-148bb...bond for capital projects, in order to support coordinated economic development strategies, regional assets and other projects, and several other things" (an excerpt is attached).

If financial resources were available, regional councils of government would undertake a variety of regional initiatives that would benefit the State, including:

- Purchasing land along regional corridors to enhance environmental quality and provide affordable housing.
- Assisting regional airports to promote economic growth in the region.
- Developing regional entertainment centers to anchor entire region and attract businesses and tourism.
- Ensuring disaster preparedness – vaccines, public awareness campaigns and transporting special needs populations.
- Constructing a regional solid waste transfer station.
- Constructing greenways to connect two or more municipalities.
- Enhancing geographic information systems (GIS) capacity within the region.

Dedicating a portion of the sales tax to COGs would be a very significant smart growth measure. It would shift the revenue burden away from property taxes, thereby stabilizing fiscally stressed schools, helping communities pay for needed public services and reducing competition for tax base.

Tax Incidence Study

The State should complete and maintain an ongoing "tax incidence analysis." This would enable policymakers to determine the way in which individuals, households and businesses are affected by the present federal-state-local tax burden, as well as proposed changes. CCM understands that funding was allocated for such a study, but it has not been completed.

Build Out Analysis

A statewide "build out analysis" is needed to understand how Connecticut will look 25, 35 and 50 years from now under current patterns of development. The State provided a similar analysis to determine the way in which current patterns of development affect the state's long-term capacity for providing drinking water.

It is essential that, as a state, we discern demographic and other trends. We can't know where we want to go if we don't know where we are, and where we are heading.

While technical assistance would be helpful in the future, state funds for a town-by-town build out analysis is needed now. This would be more in line with the Blue Ribbon Commission's recommendation for statewide analyses.

Cost of Sprawl Study

A cost-of-sprawl study is needed to quantify what the costs are to state and local governments due to unmanaged, inefficient sprawl development.

Environmental Bond Funding

The State should issue sufficient levels of bond funding for purchases of open space lands and brownfields remediation. Such funding is essential if economic growth is to occur where the infrastructure already exists. Continued sprawl development is more expensive for government to support with new infrastructure – for instance, it requires transportation expenditures not needed in already-developed areas.

Technical Assistance

In order to make informed and innovative growth decisions, the State should provide municipalities with adequate technical assistance. Currently, state planning divisions are understaffed and overwhelmed.

Affordable Housing

We urge the Committee to consider incentives that would encourage municipalities to develop and maintain affordable housing, including:

*Education reimbursement incentives*

The cost associated with K-12 public education is the most-cited municipal concern regarding the development of affordable housing. A full reimbursement mechanism would address that concern head-on. The State should reimburse towns for 15 years after affordable housing is created. This would assuage any municipal concerns about cost. The proposal should contain an ironclad way to ensure that municipalities would be reimbursed, and continue to be reimbursed.

Municipalities have had a history of the State promising reimbursement, then curtailing or eliminating it.

The Committee should know that Massachusetts provides education costs reimbursement to communities that develop overlay zones under state statute.

*Other affordable housing incentives to consider:*

- Reimbursement for water and sewer costs associated with the development of affordable housing.

- Higher school construction reimbursement levels for (non-priority school district) communities that develop and maintain affordable housing.

*Costs associated with effective incentives*

The issue of how to provide affordable housing has vexed the State for years. There are certain aspects of effective initiatives that can't be avoided:

- The State will have to make a significant financial commitment to incentives. Effective policy cannot be done on the cheap. The State's commitment to affordable housing is a percentage of what it was 10 years ago.

- *Incentives should involve new state revenue, not simply transferring funds or creating new eligibility requirements for existing funds.* Ideally, such funds would be "lock boxed" to ensure that the State's fiscal bounties and woes won't impact its obligation to towns and cities. This will go far in assuring interested communities.

*Prominent role for Office of Responsible Growth*

The Office of Responsible Growth should figure prominently in any proposal, providing much-needed technical and other assistance to municipalities.

Thank you.

*## ## ##*

If you have any questions, please call Ron Thomas or Gian-Carl Casa of CCM, at (203) 498-3000.