



HOME BUILDERS ASSOCIATION OF CONNECTICUT, INC.

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Is Our
Business*

February 18, 2011

To: Senator Steve Cassano, Co-Chairman
Representative Linda M. Gentile, Co-Chairman
Members of the Planning and Development Committee

From: Bill Ethier, Chief Executive Officer

Re: Senate Bill 859, An Act Extending the Time of Expiration of Certain Land Use Permits

The HBA of Connecticut is a professional trade association with 1,100 member firms statewide, employing tens of thousands of Connecticut citizens. Our members, all small businesses, are residential and commercial builders, land developers, home improvement contractors, trade contractors, suppliers and those businesses and professionals that provide services to our diverse industry. Our members build 70% to 80% of all new homes and apartments in the state each year.

We strongly support SB 859 as necessary assistance to avoid the loss of already approved developments.

As background, under Connecticut law, most municipal approvals of site plans under our zoning statutes, subdivisions under our planning statutes and inland wetland permits have a five year expiration. That is, the authorized development work must be completed within five years from the date of approval.¹ Applicants may seek a discretionary extension from the applicable local commission for an additional five years. In 2009, the legislature extended the initial expiration period to six years for a limited set of approved developments. SB 859 amends that change by adding three more years to the initial permit expiration date and applying it to developments approved between July 1, 2006, and July 1, 2011. This is a critical change to allow severely depressed markets (buyers and lenders) to catch up with development approvals.

Due to the severe national recession, many segments of Connecticut's economy have been drastically affected, but none as severely as the state's real estate and construction sectors. Our sector is experiencing 25% to 30% unemployment. New housing permits across the state for 2009 and 2010 were the lowest on record. Much of the marketplace of buyers remains silent. Many are waiting until economic and job conditions improve. Lending standards have also greatly tightened for both buyers and builders who are holding approved site plan permits, subdivisions and inland wetland permits. The industry wide decline in demand and tighter lending practices have adversely affected home builders and commercial, office, retail and industrial developers, producing cancelled orders, declining

¹ Confusingly, work authorized by an inland wetland permit is often required to be done in a shorter window of time (see SB 869 addressing that issue).

sales and rentals, price reductions and employee layoffs. **We believe there are positive signs in the economy but our recovery is going to be very long and painfully slow.**

The process of obtaining site plan, subdivision and inland wetland approvals is expensive and time consuming, for both private and government applicants. Due to the extraordinary economic environment that exists today, currently existing approvals will expire before market conditions justify fully developing these approvals. And that would severely exacerbate the losses the industry has already sustained.

The automatic three year extension proposed in SB 859 would provide a necessary dose of certainty that existing approvals will not lapse and new, expensive, time consuming re-approvals will not have to be sought.

SB 859 will prevent the undoing of government approvals that would not have occurred but for the extraordinary economic conditions we all face. The bill would prevent the wholesale abandonment of approved projects and activities due to the present unfavorable economic conditions by essentially tolling the term of existing approvals for a brief period of time that will allow the economy, markets and lending to recover, preventing a waste of public and private resources.

SB 859 will save municipalities and state government significant resources. If existing approvals do expire and re-approvals have to be sought, that means the entire permitting complex Connecticut imposes has to be started all over again. That includes countless applications to state agencies on top of local applications, all of which expend time and resources to handle applications. SB 859 would avoid that necessity.

The extension of permit expirations is temporary because it affects only those approvals obtained between July 1, 2006, and July 1, 2011. We assert that three additional years is not much to ask to help us weather this most difficult economy.

However, to further improve Connecticut's chances of recovery going forward, we request that SB 859 be amended to make the longer permit expiration dates permanent for all developments, or at least expand the applicability of these three-year extensions of expiration timelines to more developments, e.g., all those approved between July 1, 2004, and July 1, 2013.

Thank you for considering our comments on this important legislation.