



**HOME BUILDERS & REMODELERS ASSOCIATION
OF CONNECTICUT, INC.**

435 Chapel Rd., Suite B., South Windsor, CT 06074
Tel: 860-500-7796 Fax: 860-500-7798 Web: www.hbact.org

*Your Home
Is Our
Business*

**Housing Committee
Public Hearing
Testimony
March 5, 2024**

To: Chairwomen Rep. Khan, Sen. Moore, Ranking Members Rep. Polletta, Sen. Sampson, and distinguished Members of the Housing Committee

From: Jim Perras, CEO

Testimony: **S.B. No. 6 AN ACT CONCERNING HOUSING (Support with amendments)**

S.B. No. 266 (RAISED) AN ACT INCREASING THE CONVEYANCE TAX FOR CERTAIN HOME SALES. (Oppose)

S.B. No. 269 (RAISED) AN ACT REDUCING THE SALES AND USE TAXES FOR CERTAIN GOODS USED IN NEW HOUSING CONSTRUCTION. (Support with amendments)

H.B. No. 5337 (RAISED) AN ACT CONCERNING AFFORDABLE HOUSING DEVELOPMENT PRACTICES. (Oppose unless amended)

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) is a professional trade association with almost nine hundred business members statewide, employing tens of thousands of Connecticut residents. Our association of small businesses consists of residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers and those businesses and professionals that provide services to our diverse industry. We build between 70% to 80% of all new homes and apartments in Connecticut each year and engage in countless home remodeling projects.

The HBRA of CT supports Senate Bill 6 with amendments. The HBRA of CT appreciates the intent of this bill to increase access to and more production of affordable housing and supports many of its provisions. However, the **HBRA urges the Committee to make the following changes to Senate Bill 6.**

- 1. Strike section 6 from the underlying bill which would impose additional conveyance fees in instances where the purchaser of a residential property is not an individual.** The intent of this provision is to discourage nefarious out-of-state investors from buying rental properties and increasing rents while do little or nothing to improve the properties. Unfortunately, as written, this provision does not distinguish between out-of-state bad actors from good in-state actors. The proposed increase in conveyance taxes would elevate transaction costs for entities acquiring properties, reducing their incentive to invest in rental assets. Ultimately, a less attractive investment market for non-individual purchasers could have cascading effects on the Connecticut rental market, potentially exacerbating housing shortages and affordability issues for renters.
- 2. Amend sections 7 and 8 to eliminate the 50 affordable housing unit minimum eligibility requirement to take advantage of the proposed tax incentives.** Since the proposed tax incentives are only applied directly against the construction of affordable units, why should it matter if it's 1 affordable unit or 100? As written, this arbitrary restriction would only allow developers of larger scale developments to be the beneficiaries of these incentives and not those developers or builders constructing missing middle housing. Smaller scaled developments are often more desirable and better suited, especially in suburban communities where policymakers are seeking more development. Smaller developments can often be more easily sited and approved while promoting in-fill development using existing infrastructure which is more sustainable and environmentally friendly.

The HBRA of CT opposes Senate Bill 266 An Act Increasing The Conveyance Tax. The HBRA urges rejection of SB 266 on the same grounds it opposes the conveyance tax provisions found in Section 6 of Senate Bill 6.

The HBRA of CT Supports Senate Bill 269 with amendments. The HBRA urges the Committee to amend SB 269 to remove the 50 affordable housing unit minimum eligibility requirement to take advantage of the proposed tax incentives for the same reasons expressed in our written testimony on Sections 7 and 8 of Senate Bill 6.

The HBRA of CT opposes House Bill 5337 as it is currently written and urges the Committee's rejection of this bill. If passed, Section 2 of this bill would require developers that submit affordable housing applications to zoning to provide a surety bond of \$100,000 for a one-year period to be paid out to the town in the event the developer withdraws the affordable housing application. Requiring a \$100,000 bond for affordable housing developers sends the wrong message and undermines the state's commitment to addressing the housing crisis. Such a financial burden disproportionately affects smaller developers, hindering their ability to contribute to affordable housing solutions. This policy would discourage investment in much-needed projects, exacerbating the shortage of affordable homes. The focus should be on fostering collaboration between developers and municipalities, not creating financial barriers. **For these reasons, the HBRA strongly encourages the committee to strike Section 2 from the underlying bill before it is allowed to move forward.**

Section 3 of this bill also a municipality to award funds from a tax increment district master plan fund for improvements to certain affordable housing if pursuant to an agreement with the owner to renew the affordable deed covenants or restrictions concerning such affordable housing. Incentivizing unit owners to renew deed restrictions on existing affordable units by funding improvements of said units is a commonsense solution to help maintain the affordable housing stock and, as such, **the HBRA supports the amendment of HB 5337 that strikes Section 2 and preserves Section 3 of House Bill 5337.**

Thank you again for the opportunity to submit testimony on SB 6, SB 266, SB 269 and HB 5337.