



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

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*Your Home
Is Our
Business*

**PLANNING & DEVELOPMENT COMMITTEE
Public Hearing Testimony
February 28, 2024**

To: Chairpersons Rep. Kavros Degraw, Sen. Rahman, Ranking Members Rep. Zullo, Sen. Fazio and distinguished Members of the Planning & Development Committee

From: Jim Perras, CEO

Re: H.B. No. 5272 (RAISED) AN ACT CONCERNING THE EXPIRATION OF CERTAIN LAND USE APPROVALS AND THE NEW HOME CONSTRUCTION GUARANTY FUND.

The Home Builders and Remodelers Association of Connecticut (HBRA-CT) stands as a prominent professional trade association boasting a robust membership of nearly 800 businesses statewide, collectively employing tens of thousands of Connecticut residents. Our diverse association comprises residential and commercial builders, land developers, remodelers, general contractors, subcontractors, suppliers, and various professionals contributing to our dynamic industry. Each year, our members play a pivotal role in constructing between 70% to 80% of all new homes and apartments in Connecticut, in addition to engaging in countless home remodeling projects. As an integral part of the state's economic landscape, HBRA-CT is committed to promoting excellence and collaboration within our industry, ensuring the growth and vitality of Connecticut's housing sector.

Thank you for the opportunity to submit testimony on House Bill 5272. While the HBRA of CT appreciates the intent of this bill to protect consumers, we have several concerns regarding potential unintended consequences that may negatively impact housing production.

1. Increased Uncertainty for Developers:

Allowing towns to expedite the expiration of approvals based on public hearings and findings of incomplete or substandard work may create uncertainty for developers. Developers may become hesitant to invest in projects, fearing that the approval status could change unexpectedly, ultimately hindering housing production.

2. Subjectivity in Determining "Incomplete or Substandard Work:

The legislation's reliance on the determination of "incomplete or substandard work" during public hearings introduces a subjective element that may vary from town to town. Inconsistencies in interpretations by different municipalities could result in uneven enforcement and create confusion for developers. The lack of clear and standardized criteria

may discourage developers from engaging in projects, impacting housing production across the state.

3. Potential Delay in Housing Projects:

The conditions set for expedited expiration, such as public hazards or no work undertaken in the previous 5 years, may inadvertently lead to delays in housing projects. Developers may face challenges in meeting these conditions, especially if economic conditions, market demand, or other factors have delayed project initiation. This delay could hinder overall housing production by discouraging investment in both ongoing and future developments.

4. Chilling Effect on Construction Companies and Individual Owners:

Allowing the Department of Consumer Protection to pursue individual owners of construction companies for restitution may create a chilling effect on the industry. Individual owners may become wary of potential personal liability, leading to a reluctance to engage in new home construction projects. This fear of personal financial repercussions may reduce the number of construction companies willing to participate in housing production, limiting options for consumers and slowing down the industry.

5. Potential for Legal Challenges and Disputes:

The ability to pierce the corporate veil and pursue individual owners for restitution may open the door to legal challenges and disputes. Construction companies and individual owners may contest the determinations made by the Department of Consumer Protection, resulting in prolonged legal battles. These disputes can contribute to project delays, increased costs, and an overall negative impact on the willingness of construction companies to participate in housing projects.

The HBRA of CT is very supportive of Section 8 of this bill which would increase the payout amount from the Guaranty Fund from \$30,000 to \$50,000, allowing those homeowners harmed by the actions of a contractor to be more suitably compensated. And the HBRA would like to work with the Committee on additional language that could expand those eligible to access the fund, and for what for what purpose, to those homeowners belonging an association who's association assesses additional costs to its members for unfinished or defective work done to association common property.

Thank you for the opportunity to provide testimony on HB 5272.