



Understanding Property Tax Reform and Smart Growth A Summary of the 2002 Report

Special Act 02-13

*Blue Ribbon Commission on Property Tax
Burdens and Smart Growth Incentives*

John DeStefano, Jr. - Chairman

Howard Dean - Vice-Chairman



Promoting Smart Growth In Connecticut

January 2002

- Funded by the Connecticut General Assembly's Planning and Development committee
- Authored by an Advanced Research Seminar at Harvard's Graduate School of Design, led by Robert Yaro of the Regional Plan Association
- Creating densities needed to support transit services
- Housing affordability and smart growth
- Open Space preservation and targeted growth
- Over reliance on property taxes



Promoting Smart Growth In Connecticut Recommendations

- Statewide growth management legislation
- Guide growth into urban areas
- Incentive based programs;
 - Priority Funding Areas
- Reduce incentives for fiscal zoning
 - i.e. zoning decisions based on fiscal concerns
- Tax shifting programs to reduce property taxes
- Regional Asset Districts
- A sense of common destiny is critical.



Connecticut Metropatterns

February 2003

- Funded by the office of Urban Affairs of the Archdiocese of Hartford
- Authored by Myron Orfireld
- Created CenterEdge Coalition
- "...the way the State is growing is hurting all communities from the most impoverished, to the most affluent."
- "A growing number of small cities and older suburbs, home to nearly half the state's population face significant and growing poverty with weak local tax bases."
- "A large group of fast-growing, middle-class suburbs is struggling to provide the schools and infrastructure they need with just average resources."



Connecticut Metropatterns Recommendations

- Cooperative land use planning
- Tax and state aid reforms
- Enhanced role for state government, councils of government or other regional organizations



Connecticut Economic Vitality & Land Use October, 2003

- Funded and authored by the Connecticut Regional Institute for the 21st Century
- Organized around “CONNECTICT: A STRATEGIC ECONOMIC FRAMEWORK”. Prepared by Michael Gallis
- Transportation land use, education and other challenges limit the state’s ability to compete effectively with other regions
- Connecticut has experienced an unprecedented period of highly decentralized development, sprawl
- Sprawl adds to the growing problems of traffic congestion, disinvestment in our cities and poorer urbanized towns, air and water pollution, loss of open space and agricultural land



Connecticut Economic Vitality & Land Use Recommendations

- State policy should encourage development in areas where infrastructure already exists
- The state land use plan should be more strongly coordinated with local and regional plans
- They should include economic development considerations in updating the State Plan of Conservation and Development
- To improve the understanding of the relationship between land use, transportation, economic development and growth: conduct build out studies for Connecticut municipalities; evaluate the public cost of sprawl; and develop a state wide GIS System.



Understanding Connecticut Today

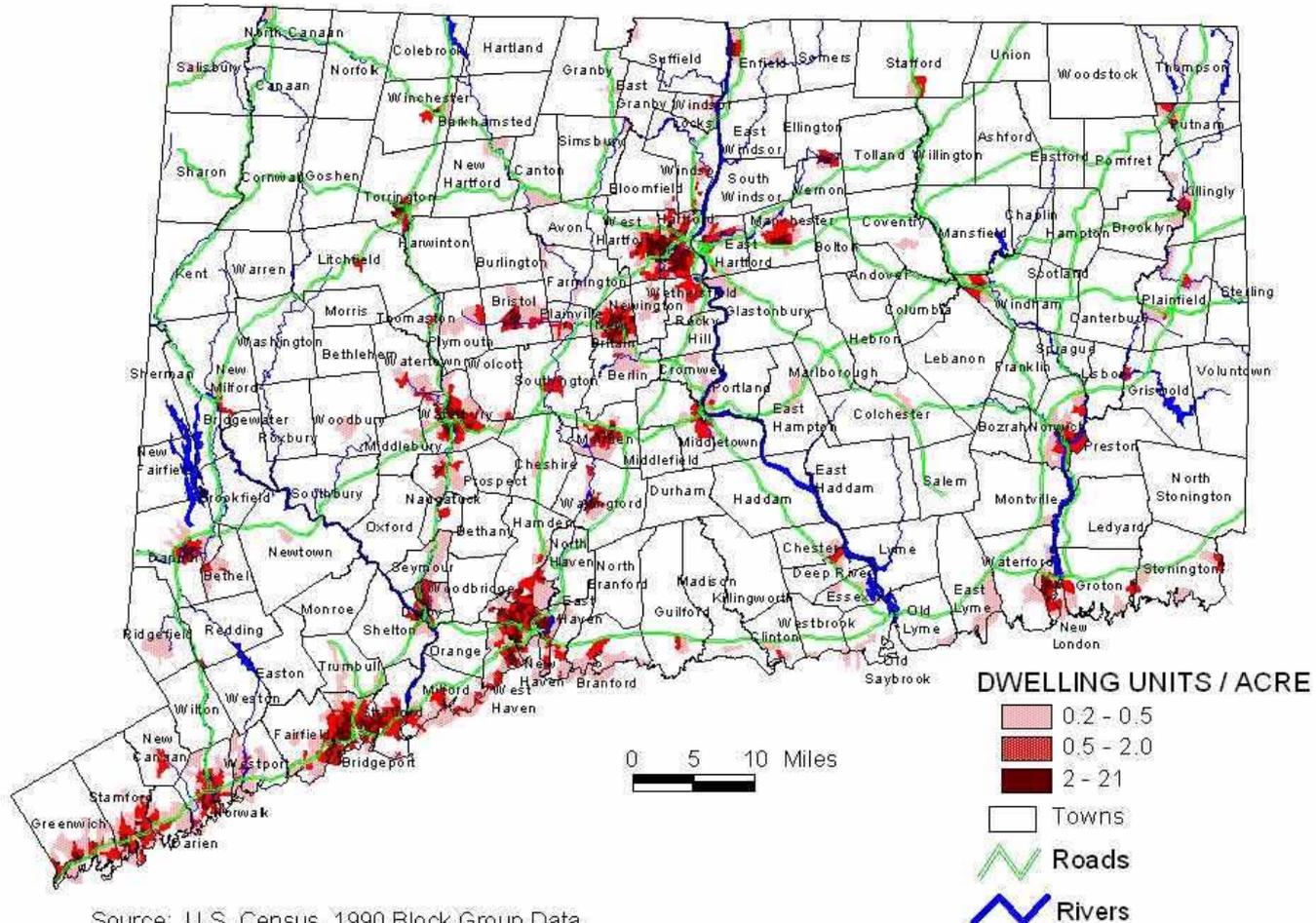
Questions

- What kind of state do we want to live in?
- How do we shape and build a state economy that is competitive and will grow?
- Do we see a future built on one another's strengths – or by isolating ourselves from everything and everyone?



Understanding Connecticut Today

CONNECTICUT HOUSING DENSITY IN 1940

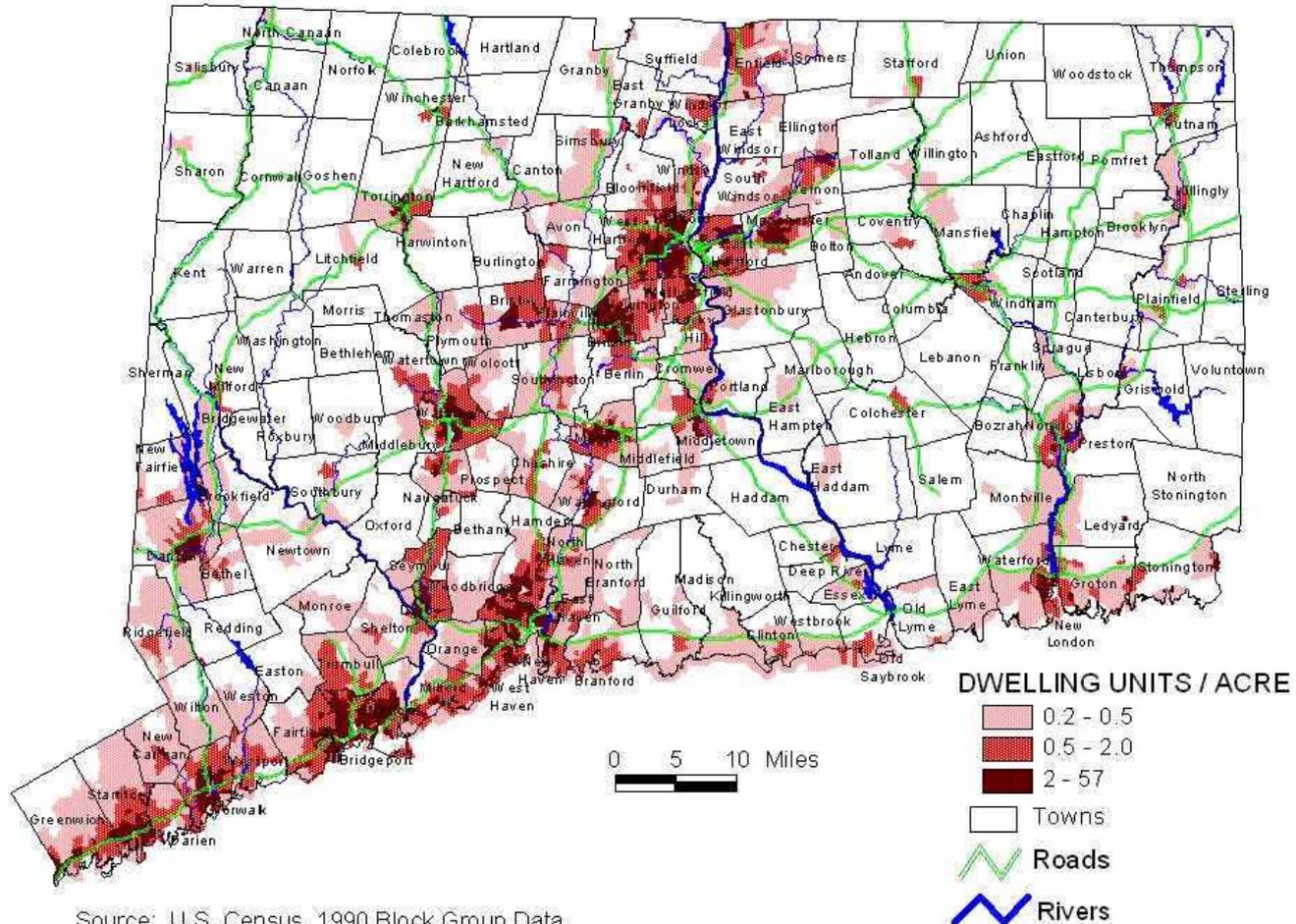


Source: U.S. Census, 1990 Block Group Data,
Prepared by Dominski Associates 203-789-0223



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CONNECTICUT HOUSING DENSITY IN 1970

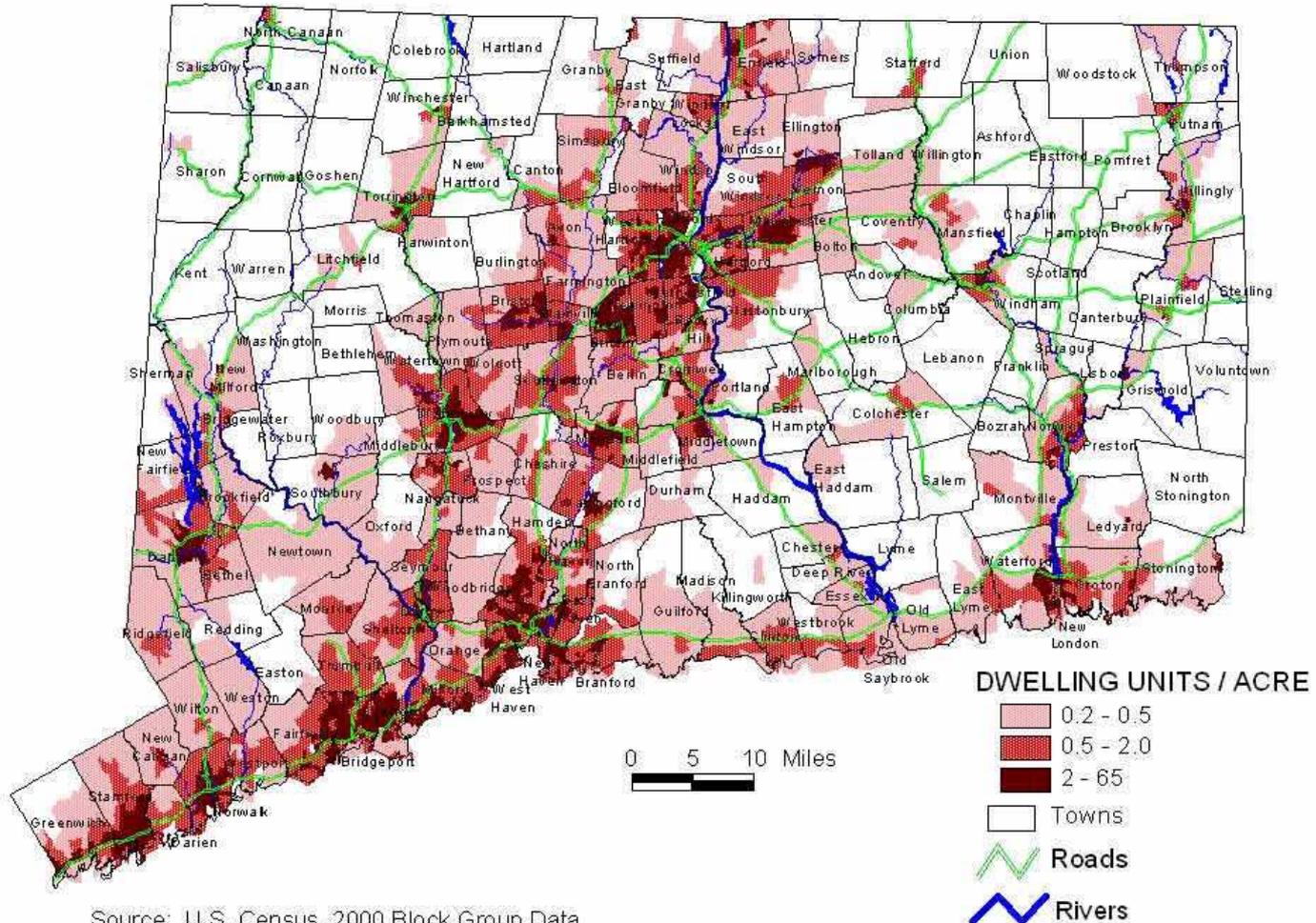


Source: U.S. Census, 1990 Block Group Data,
Prepared by Dominski Associates 203-789-0223



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CONNECTICUT HOUSING DENSITY IN 2000



Source: U.S. Census, 2000 Block Group Data
Prepared by Dominski Associates 203-789-0223

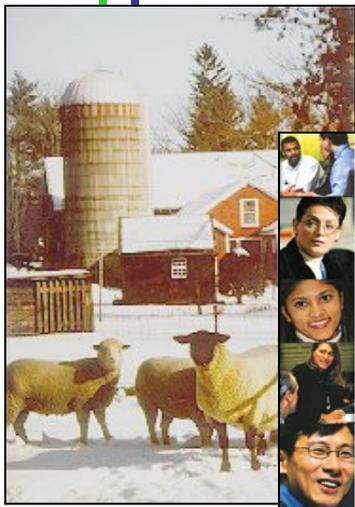


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Story

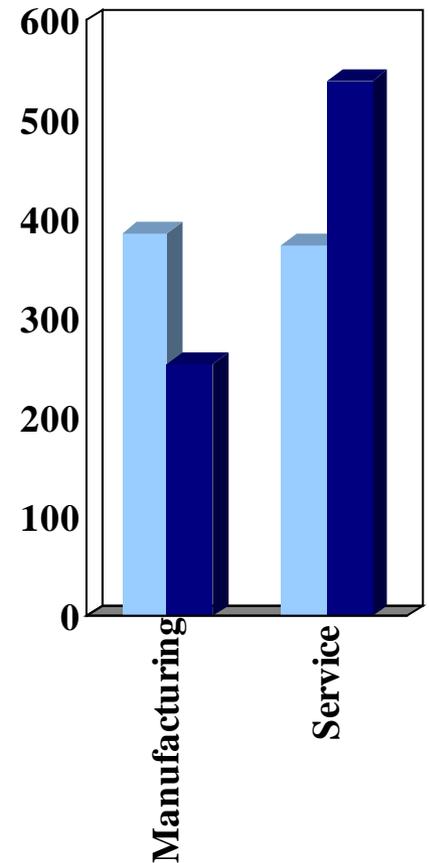
- State transformed - from an agrarian to a manufacturing to a very diverse economy
- Tax policy that encourages consumption of land, attacks agriculture and manufacturing
- Planning strategy that is so fragmented as to imagine that we all live on dead end streets

- Connecticut communities are losing their distinctiveness and competitiveness - the very qualities for which we chose them. They are not places our children can afford. They are not places that create wealth.



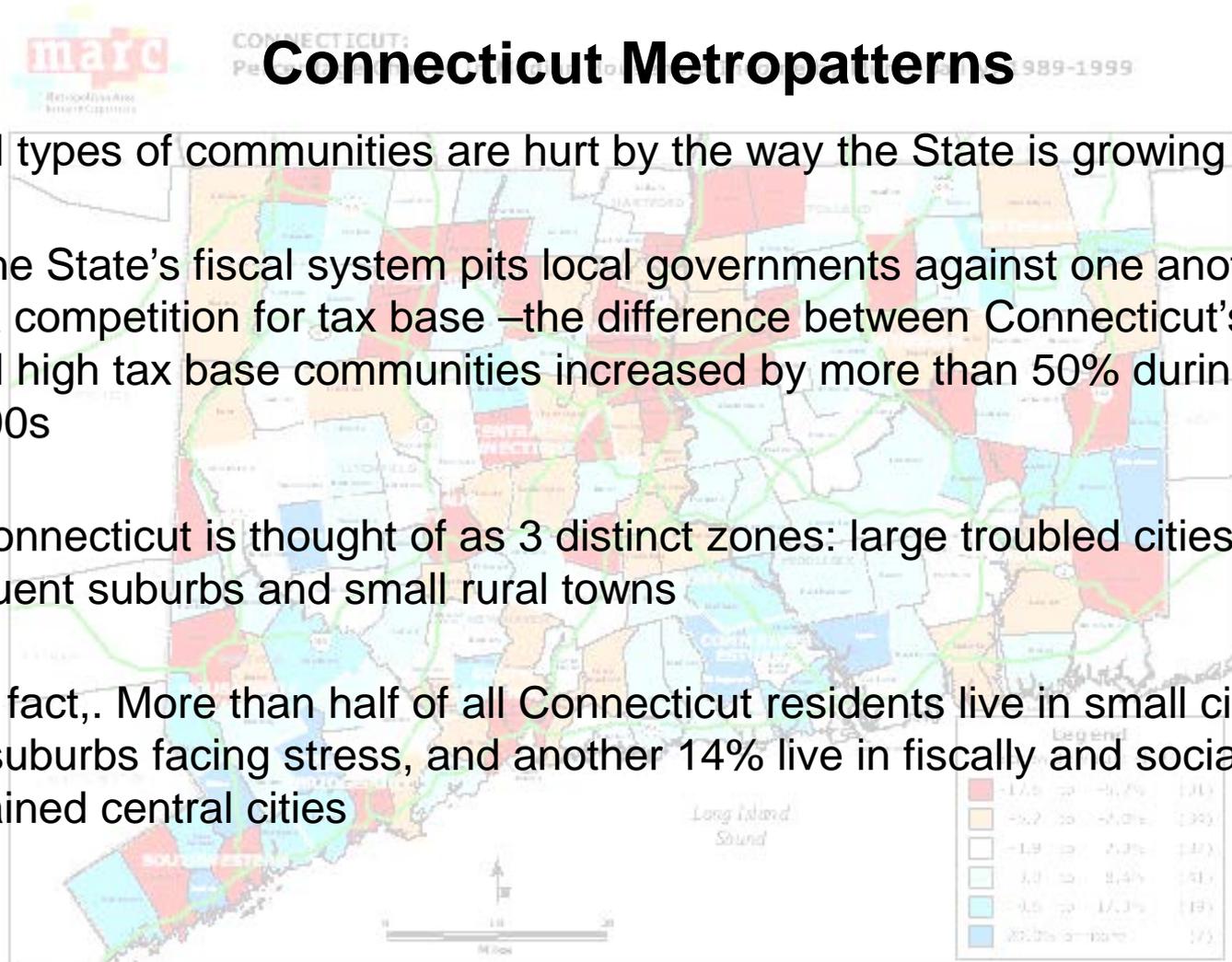
Merrill Lynch 2001 Annual Report

■ 1987 ■ 2001





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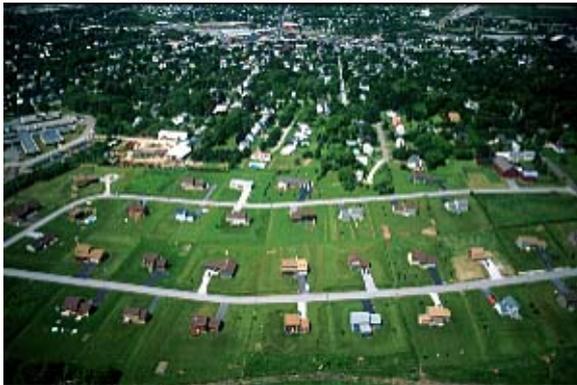




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Loss of Open Space

- Between 1970 and 2000, the amount of land settled at urban density rose 102%, while the state's population rose just 12%



2.12 million
acres of farm
and forestland

**Connecticut
Farmland and
Forestland Lost
between 1988
and 2002**

400,000
acres



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Congestion



- Total vehicle-miles-traveled increased by 29 percent between 1986-2003.
- 1986-1995, local roads have seen a 46% increase
- I-95 has increased by 11% `86-95
- New Haven's Q-Bridge traffic volume is projected to increase by 130 percent between 2000-2015.

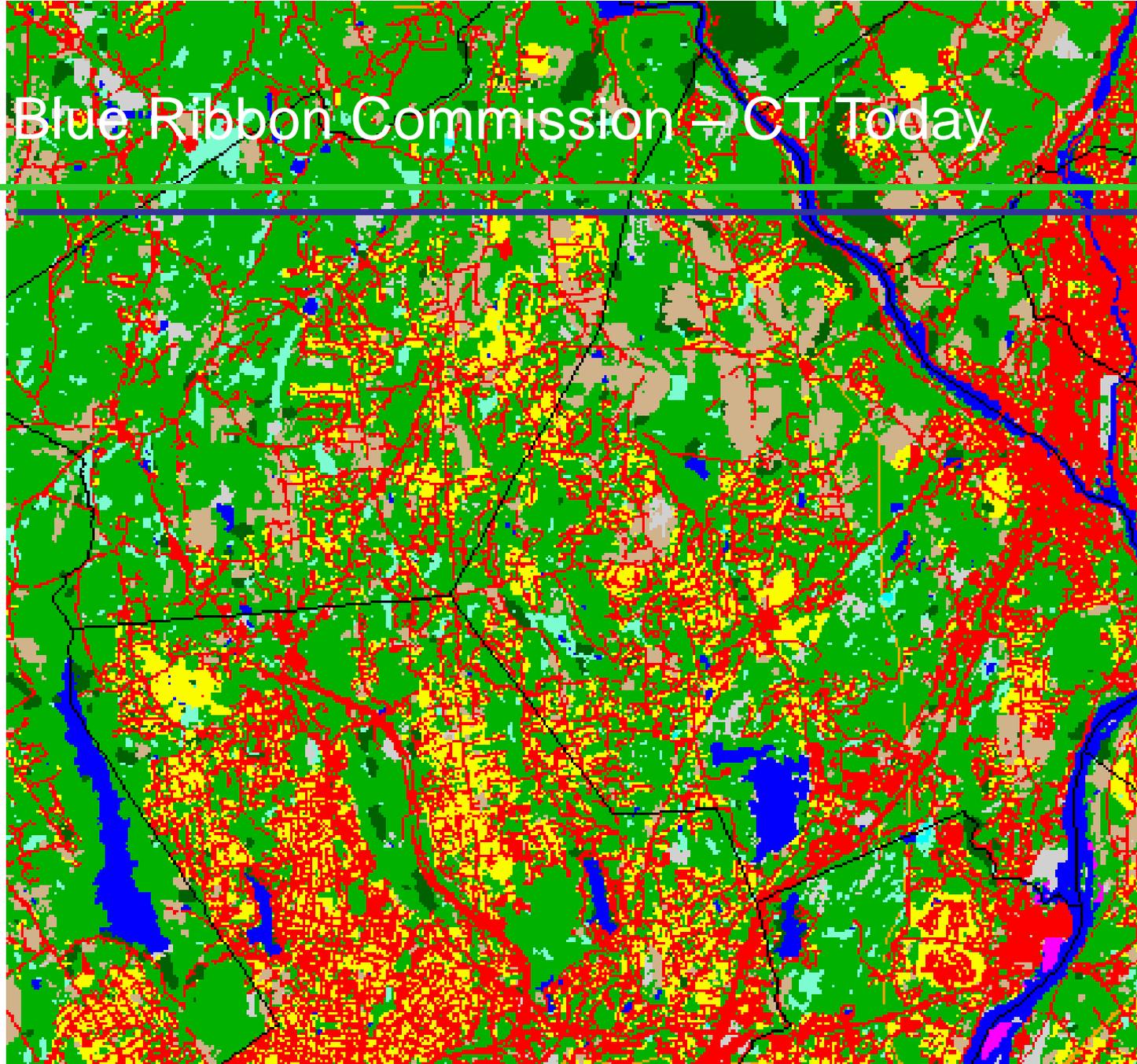
Graduate School of Design. Harvard University,
January 2002. *Promoting Smart Growth in Connecticut.*





Blue Ribbon Commission – CT Today

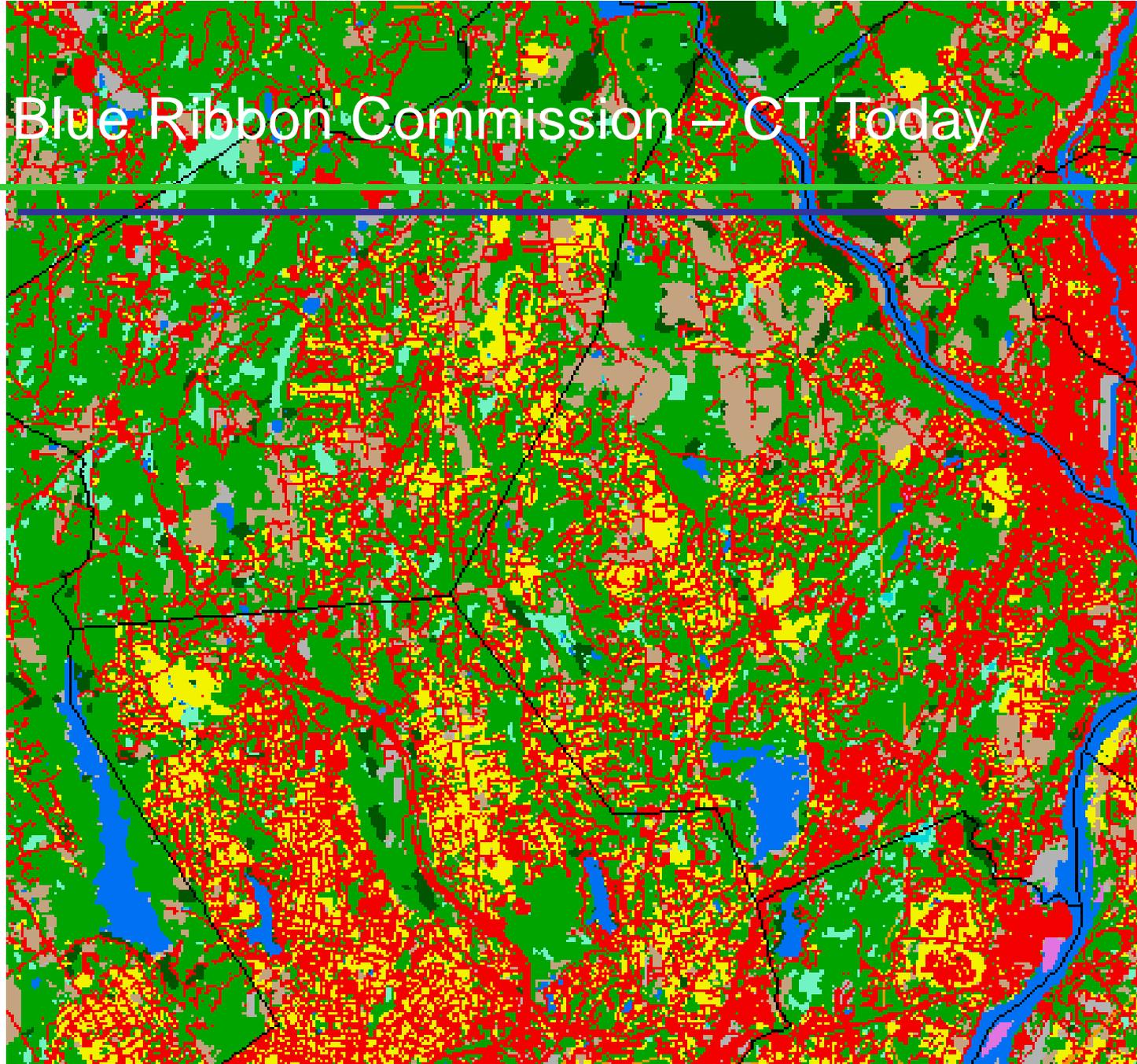
1985





Blue Ribbon Commission – CT Today

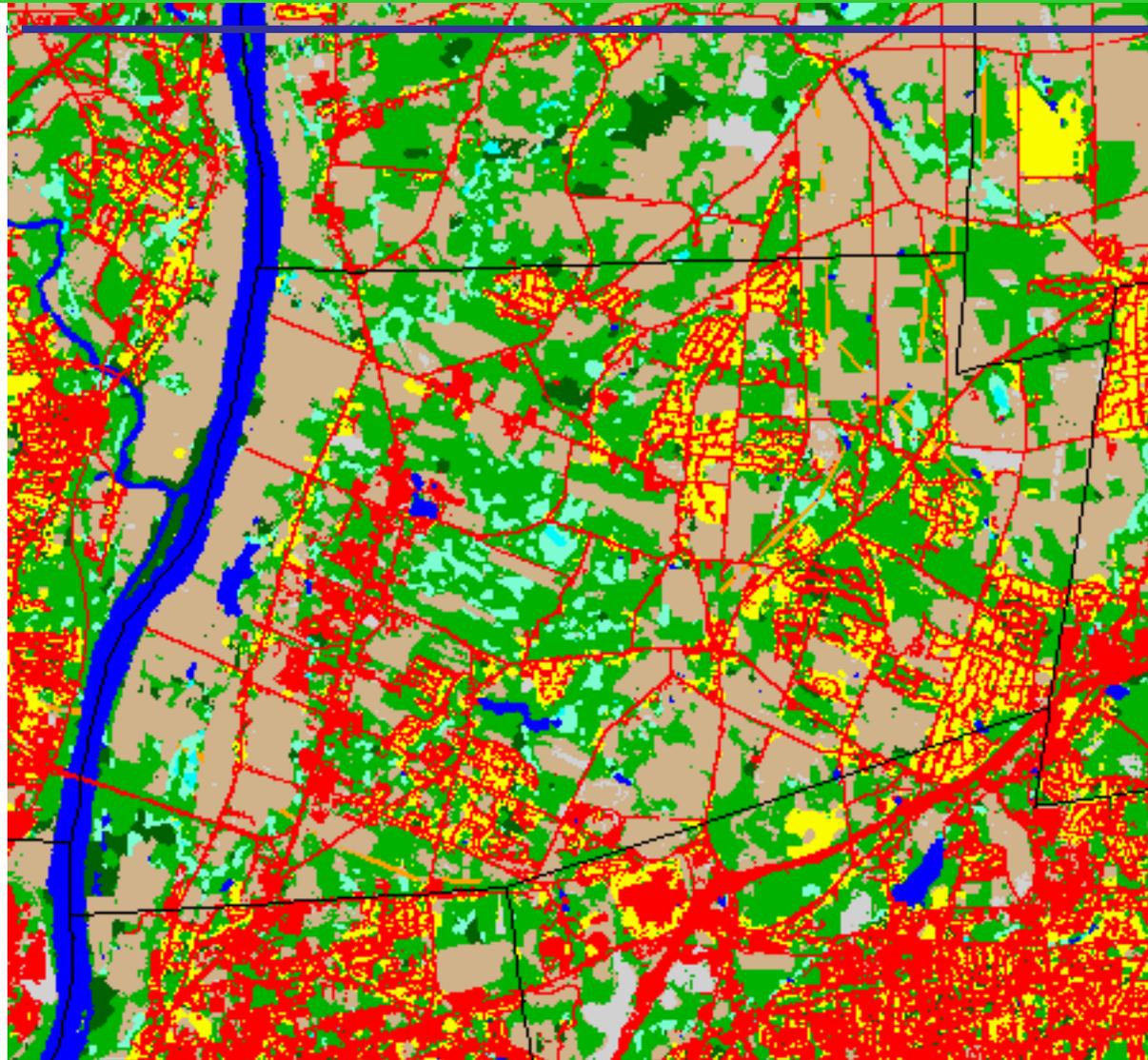
2002





Blue Ribbon Commission – CT Today

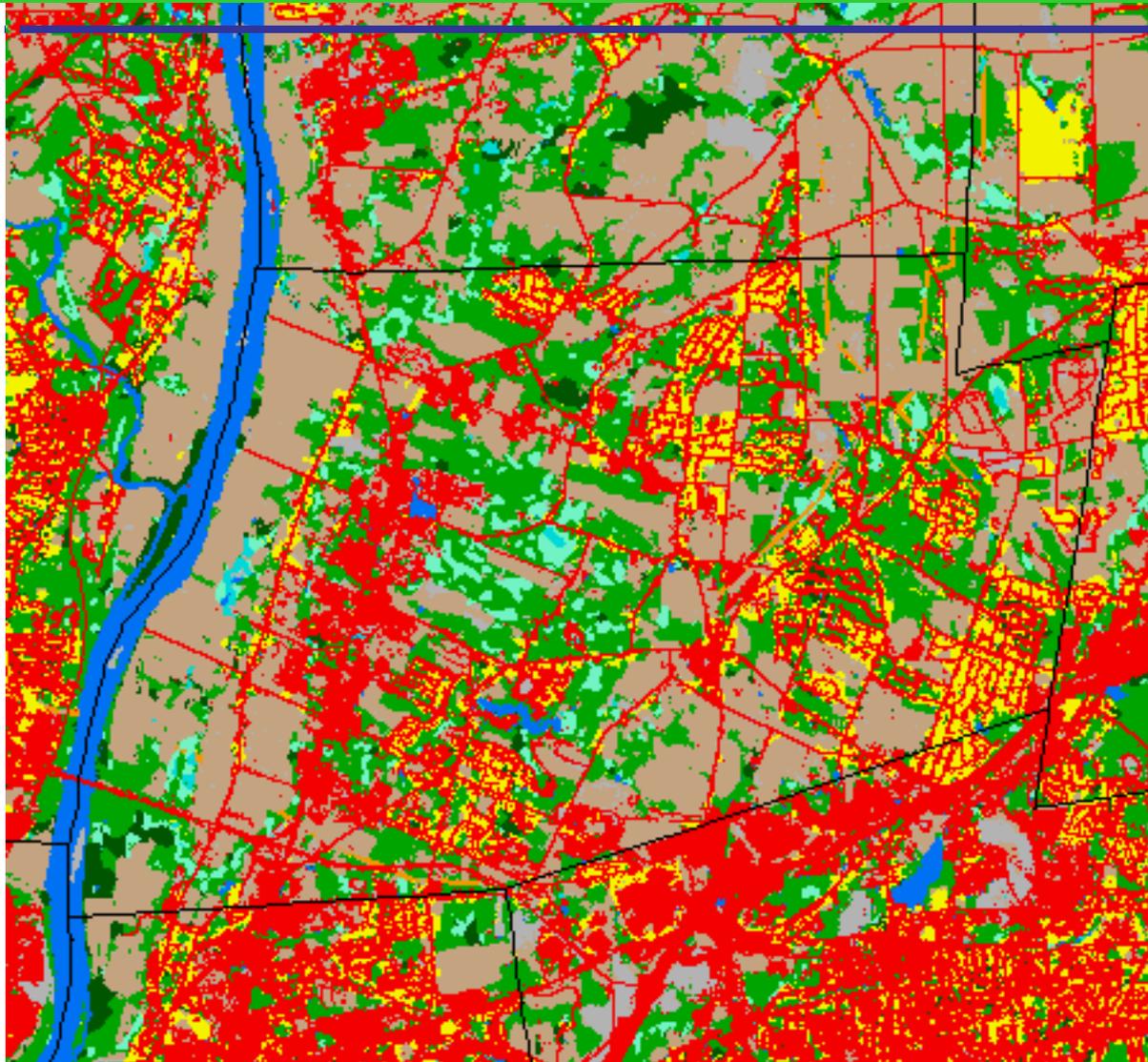
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Blue Ribbon Commission – CT Today

2002



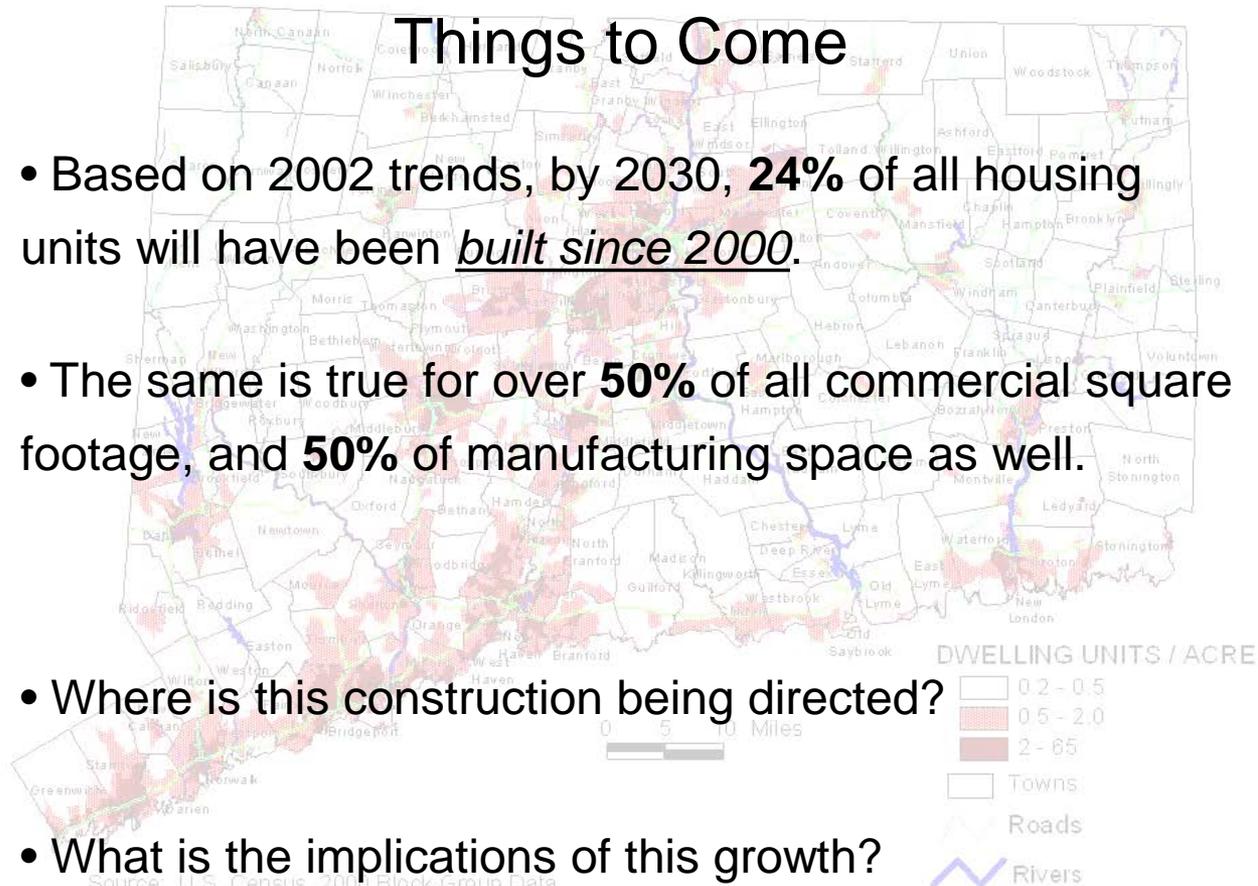


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CONNECTICUT HOUSING DENSITY IN 2000

Things to Come

- Based on 2002 trends, by 2030, **24%** of all housing units will have been *built since 2000*.
- The same is true for over **50%** of all commercial square footage, and **50%** of manufacturing space as well.
- Where is this construction being directed?
- What are the implications of this growth?



Source: U.S. Census, 2000 Block Group Data
Prepared by Dominski Associates 203-789-0223

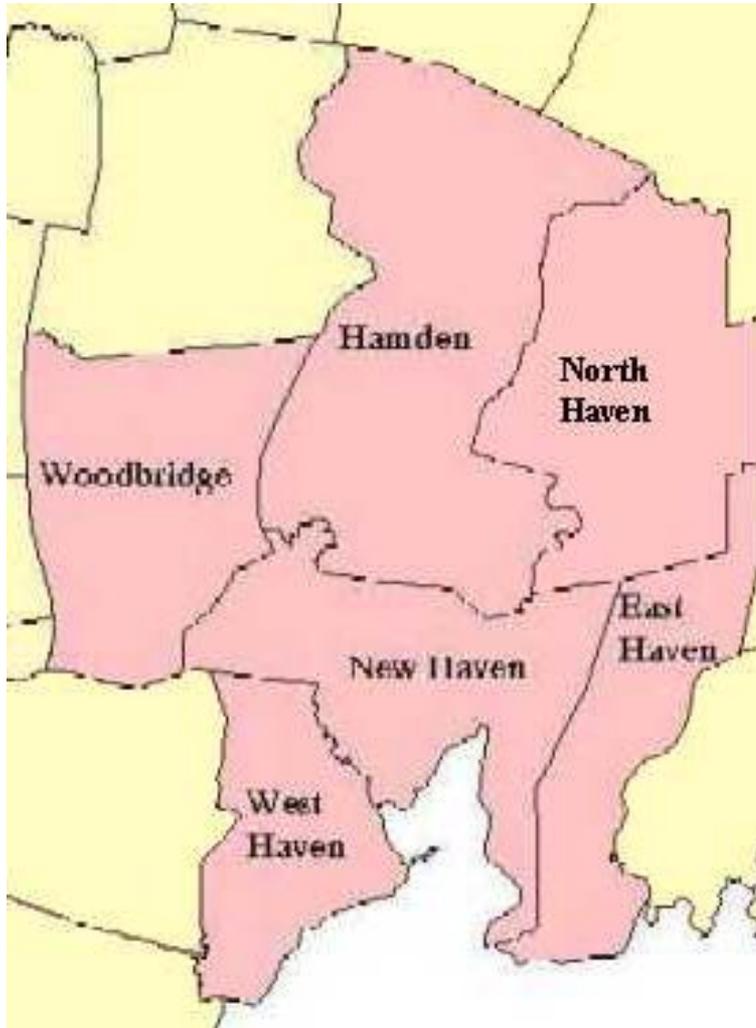


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Blue Ribbon Commission – CT 2011



New Haven

18.9 Square Miles
132,398 People
\$39,417 Median Household Income

Our Region

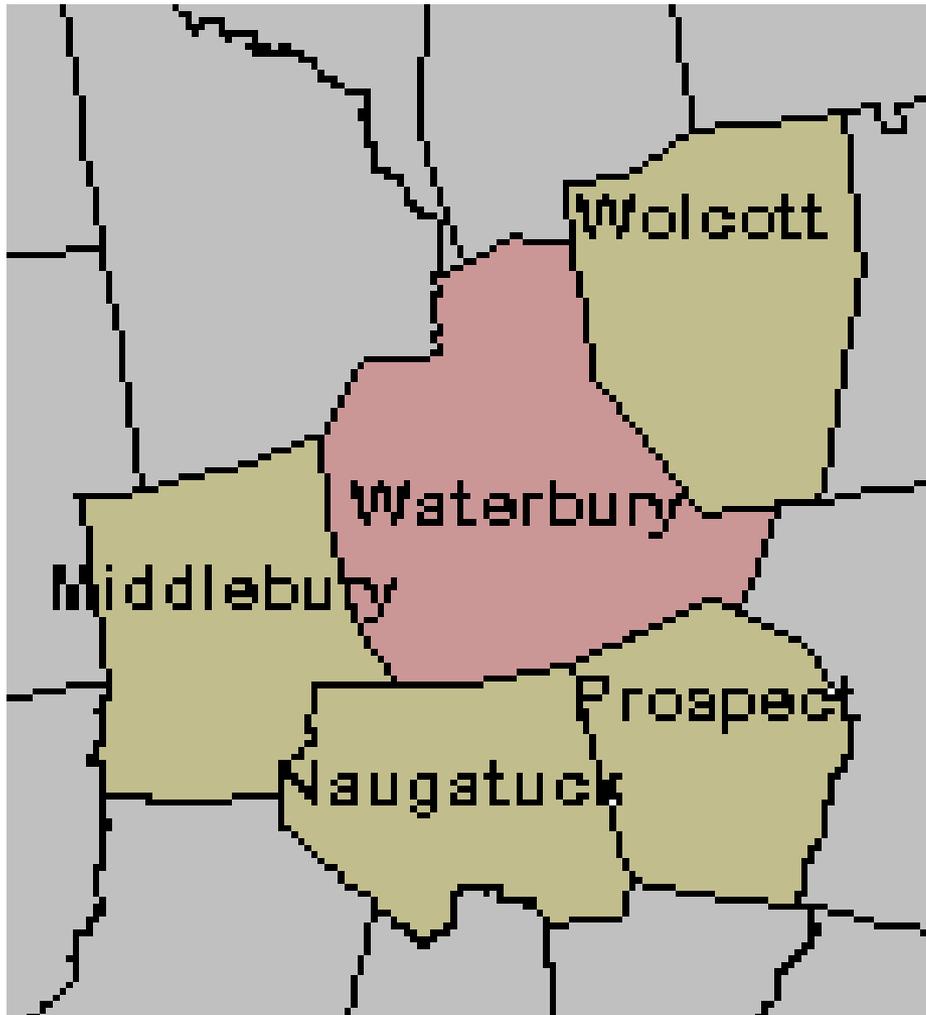
114.36 Sq. Miles
312,139 People
\$55,889 Median Household Income

US

\$51,413 Median Household Income



Blue Ribbon Commission – CT 2011



Waterbury

28.8 Square Miles
111,874 People
\$40,304 Median Household Income

With Border Towns

97.9 Sq. Miles
178,114 People
\$52,809 Median Household Income

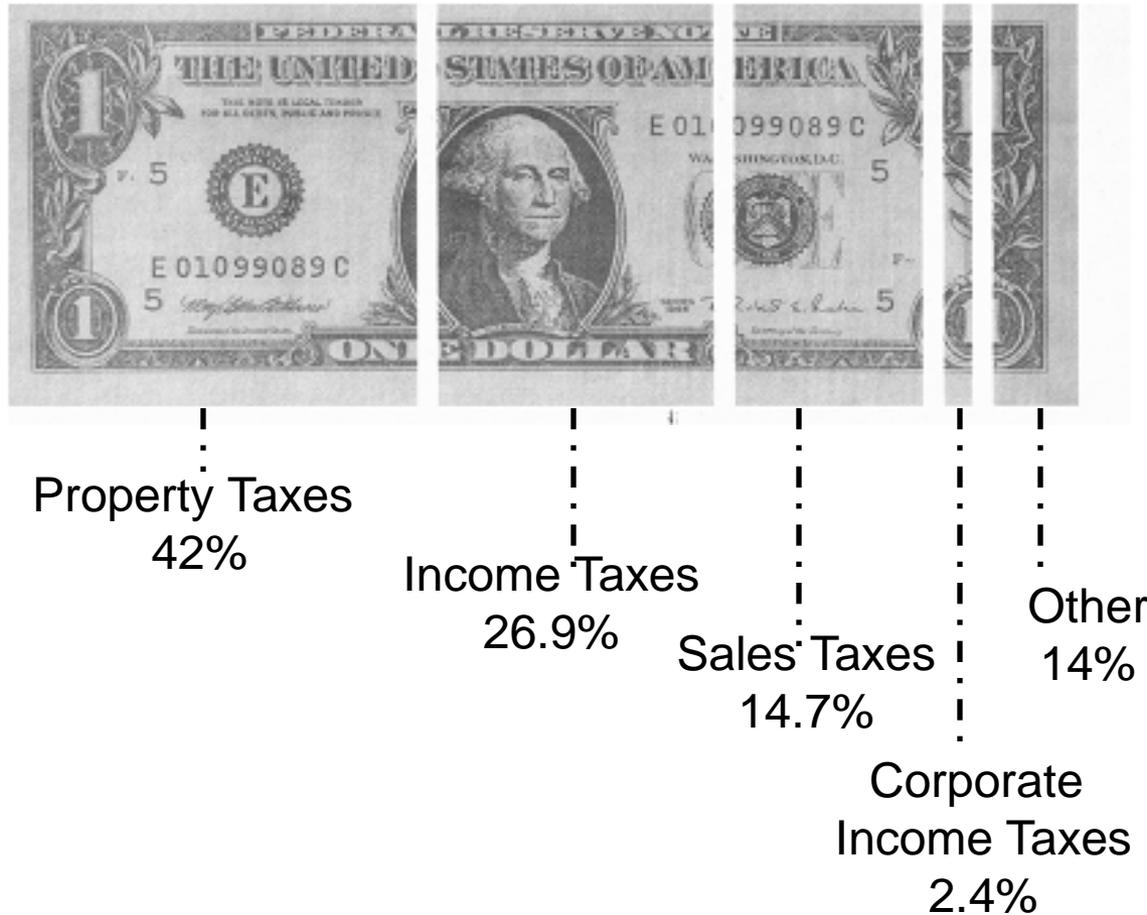
US

\$51,413 Median Household Income



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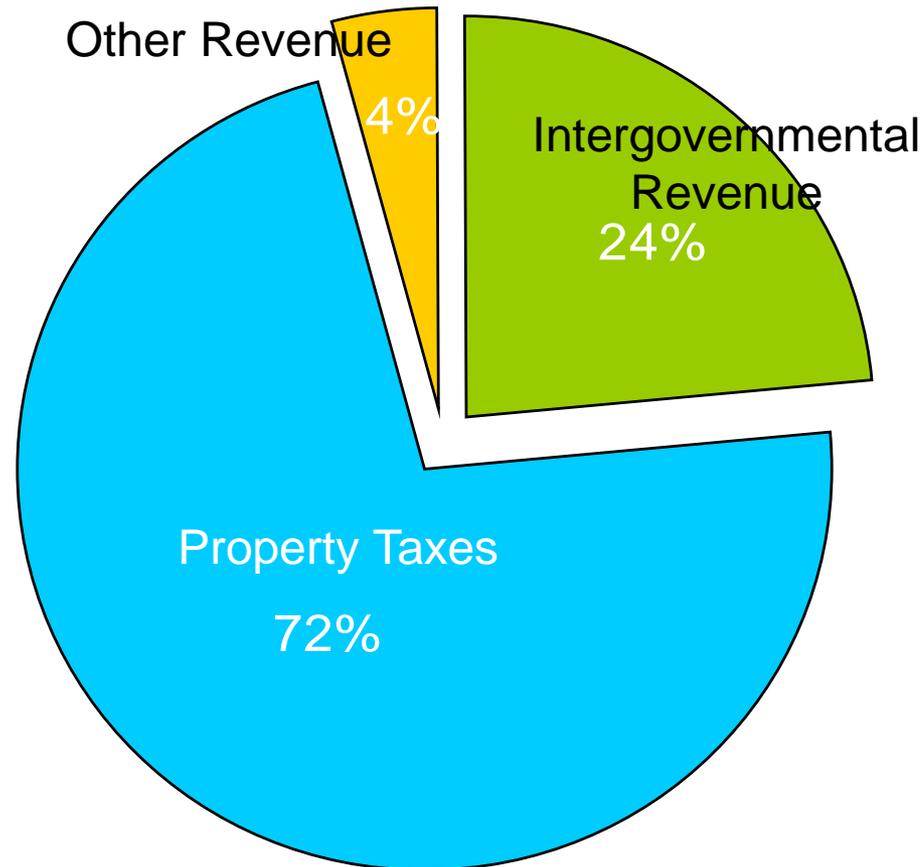
Connecticut Taxpayer Dollar in 2010





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Local Revenues in Connecticut

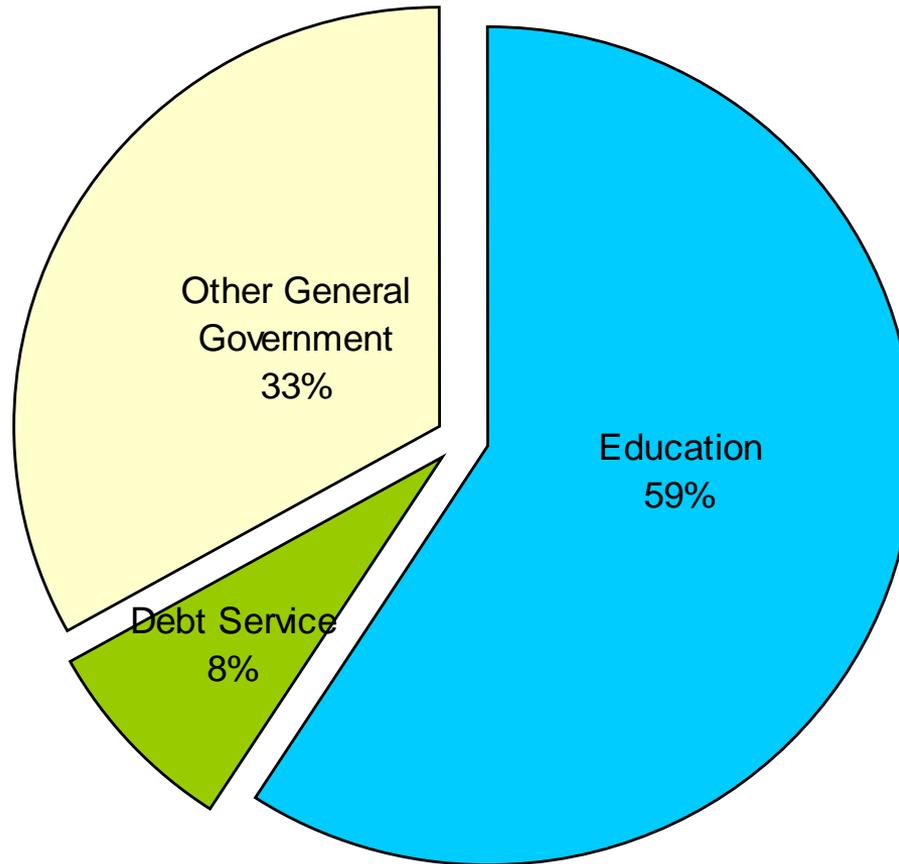


Source OPM Municipal Fiscal Indicators 2010



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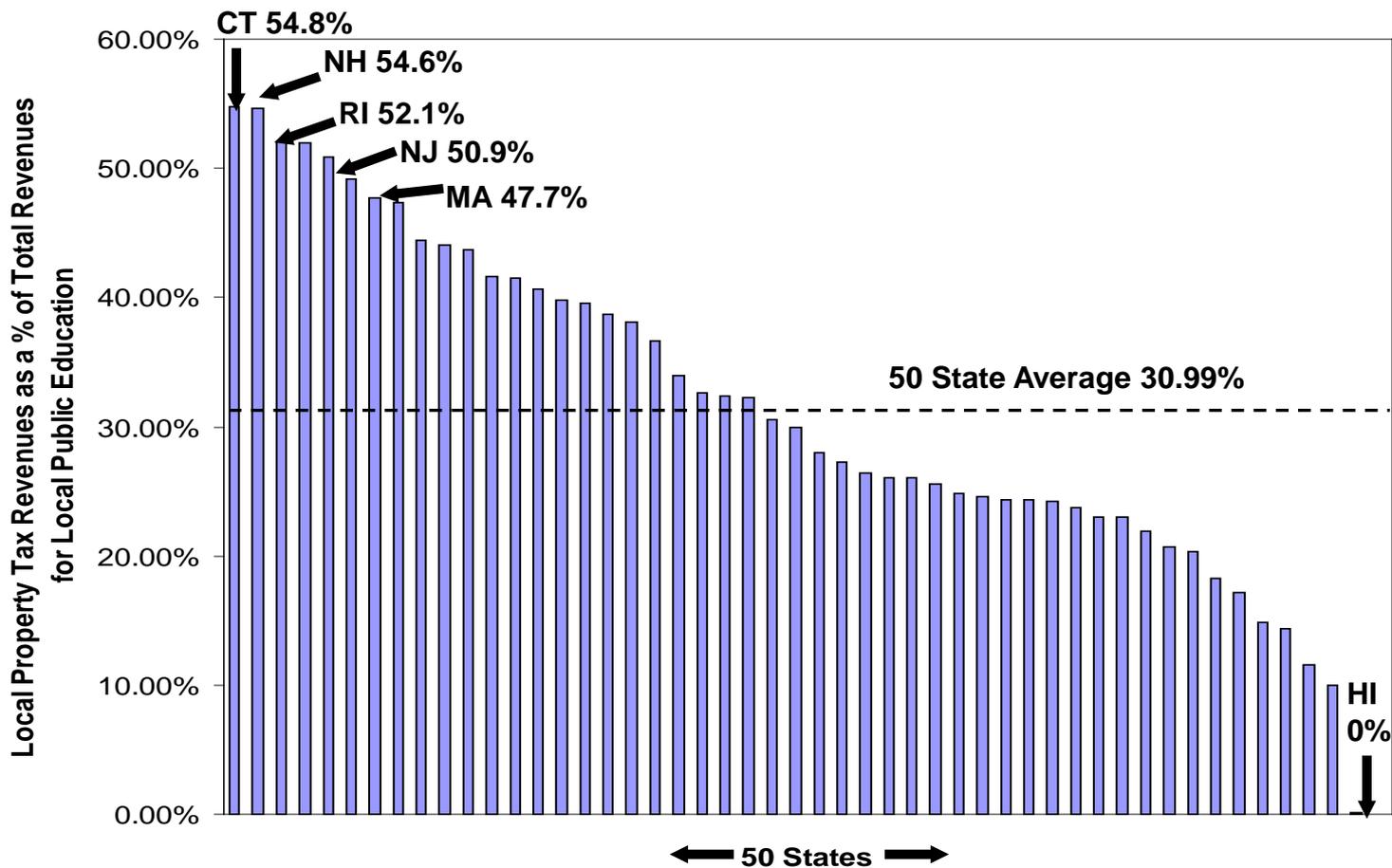
Local Expenditures in 2012





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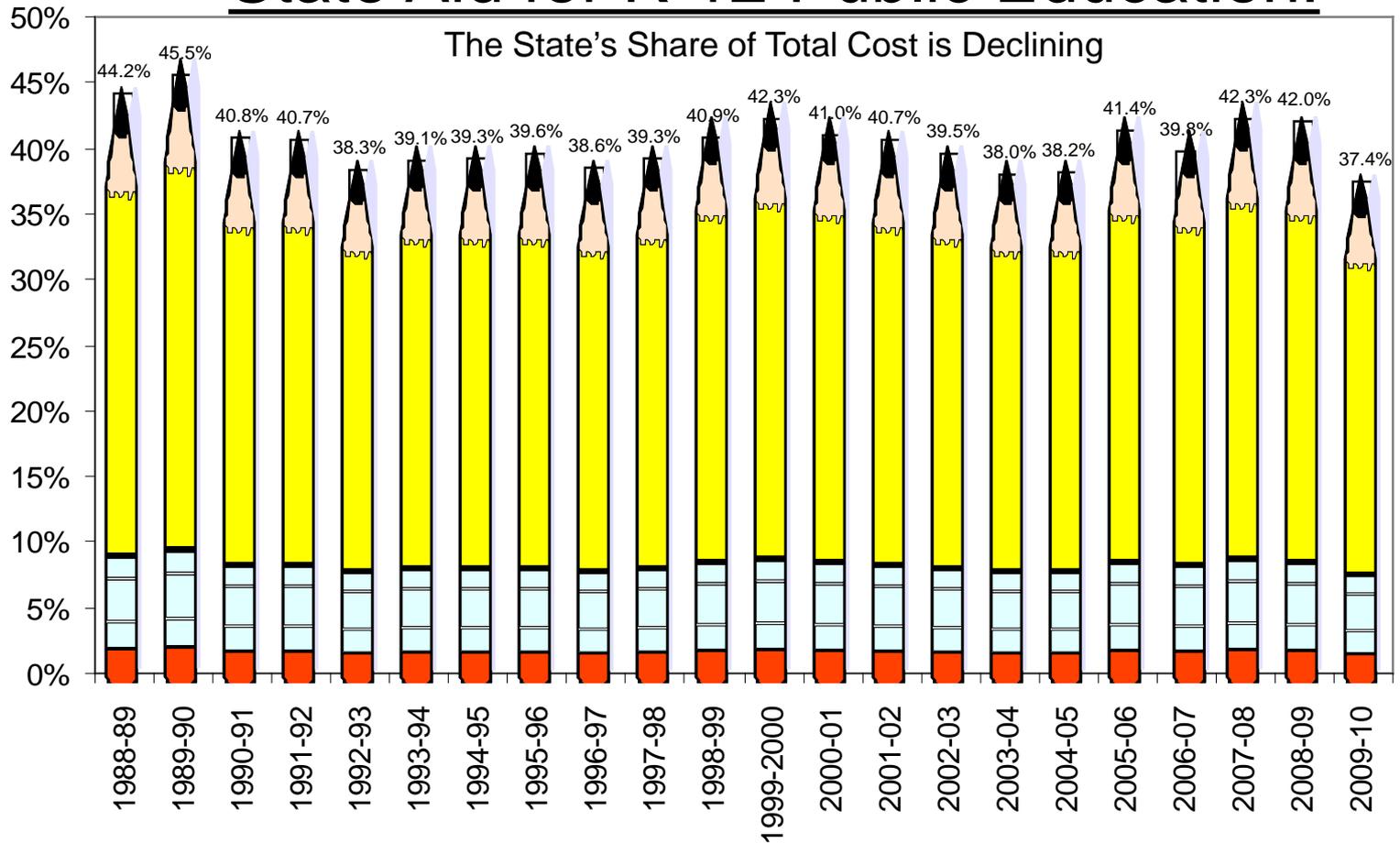
CONNECTICUT'S LOCAL PUBLIC EDUCATION SYSTEM IS MORE RELIANT ON THE LOCAL PROPERTY TAX THAN ALL OTHER STATES





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State Aid for K-12 Public Education:

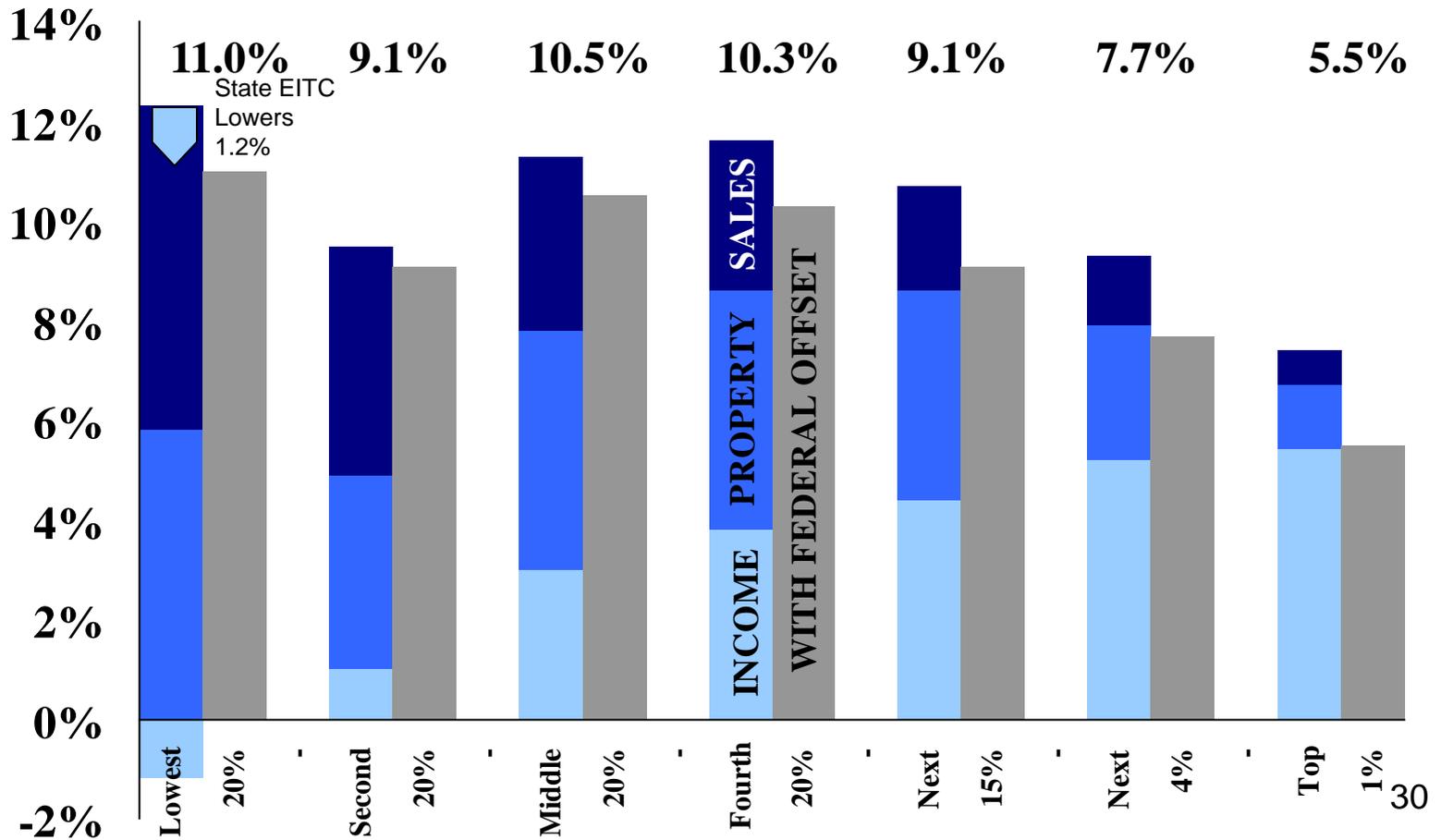


Source: CT State Dept. of Education DGM Reports



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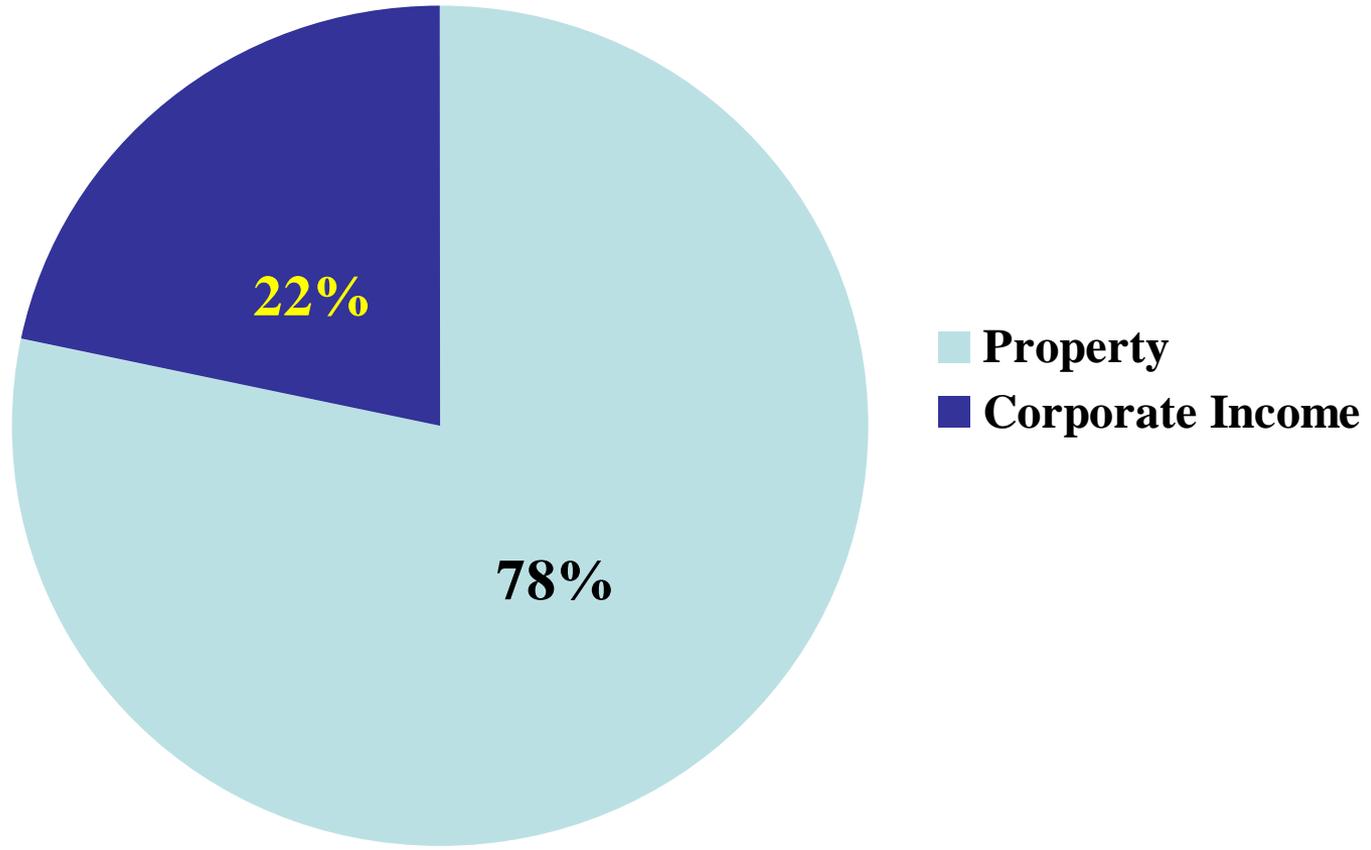
% Income going to State & Local Taxes 2012





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Business Taxes Components





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- New Haven's budget is about \$499m
- An reasonable increase is 3%-\$15m
- The Knights of Columbus Tower is 232,601 sq feet, assessed at \$14,549,220
- It pays \$565,673 in taxes
- We would need to add **26+ new** Knights of Columbus Towers every year to meet a reasonable budget increases





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Other communities do not have the same levels of state aid, but have greenfields to develop...



They make decisions based on those factors.



Recommendations

STRATEGIES:

1. Lessen reliance on the property tax and increase the equity, stability and sufficiency of the state-local revenue stream
2. Pursue strategies that work in support of Smart Growth and promote transit alternatives to the automobile
3. Create municipal and regional partnerships to reduce destructive inter-municipal competition for grand list growth and establish incentives to promote integration of local plans of development with state goals



Recommendations

GOALS:

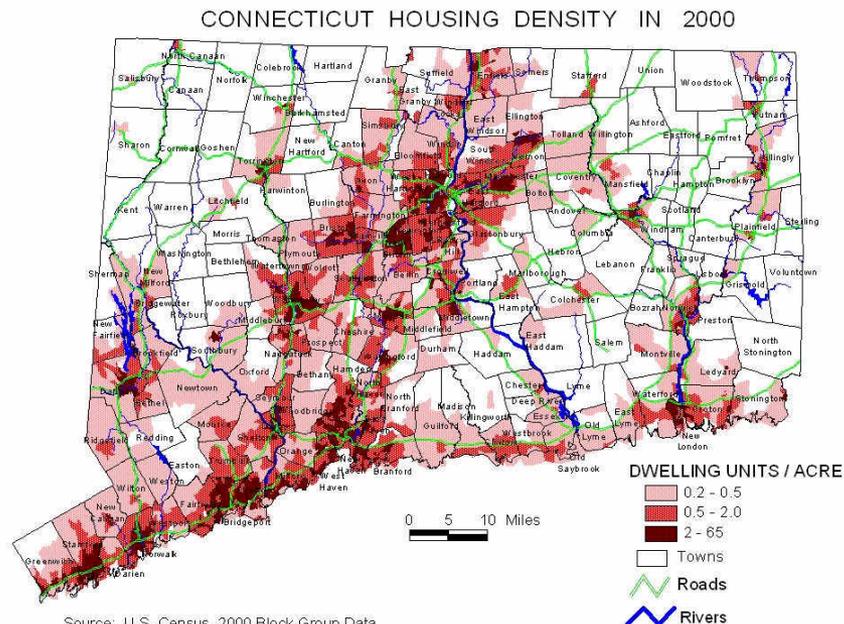
1. Support diverse communities and economy
 - a. Make our cities centers of jobs, wealth creation and diversity
 - b. Meet changing needs of inner-ring suburbs
 - c. Preserve the character of our rural communities
2. Conserve tax dollars through unified vision and interest in development
3. Commit to best quality of life:
 - a. Choice
 - b. Clean air and water
 - c. Preservation of open space and agricultural land
 - d. Competitive and sustainable economy



Recommendations

GROWTH INFORMATION

1. Layered Geographic Information System (GIS) database, coordinating among municipalities and state agencies
2. A statewide build-out analysis under current land use regulatory format
3. A statewide evaluation of public costs associated with sprawl



Source: U.S. Census, 2000 Block Group Data
Prepared by Dominski Associates 203-789-0223



Recommendations

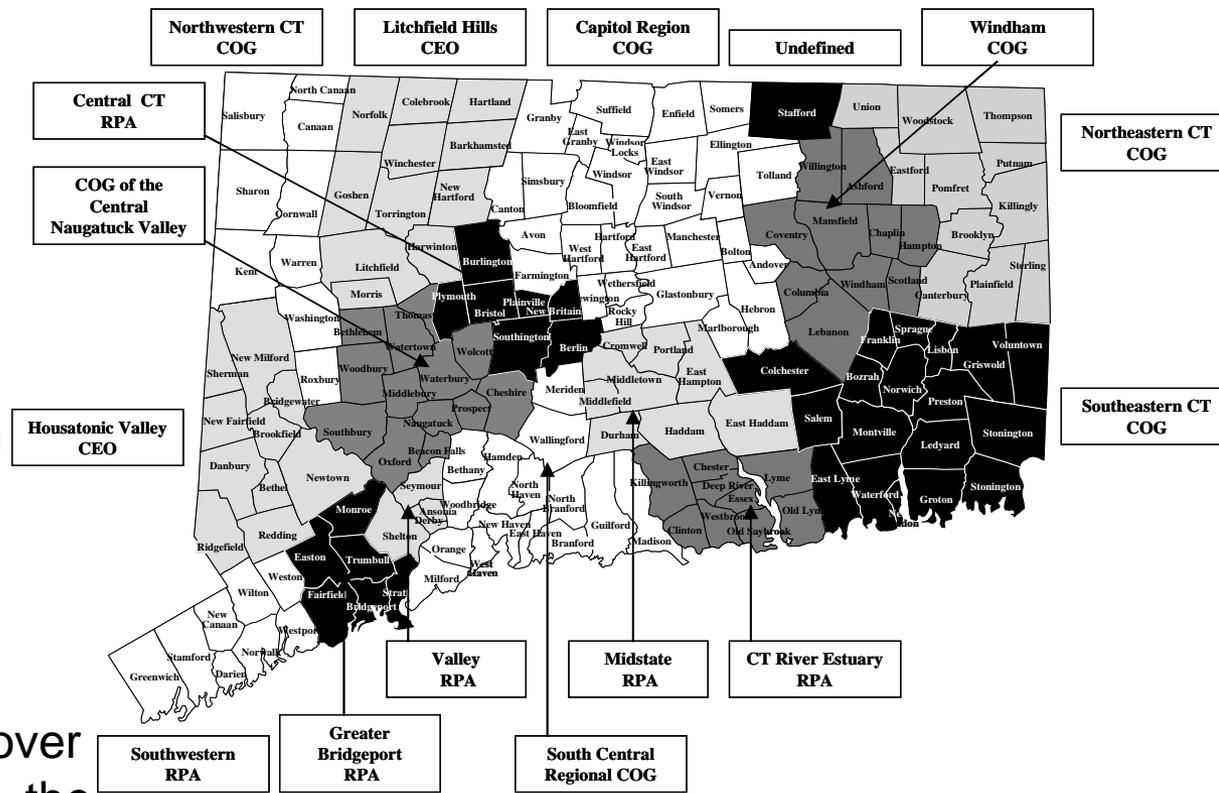
GIVE COGs MUSCLE

1. Require consistency between municipal, regional and state plans that incorporate smart growth principles

2. Tie fiscal incentives to greater cooperation – particularly through the enhancement of the COG structure

3. Give COGs control over more revenue streams, the ability to bond projects and make some land-use decisions

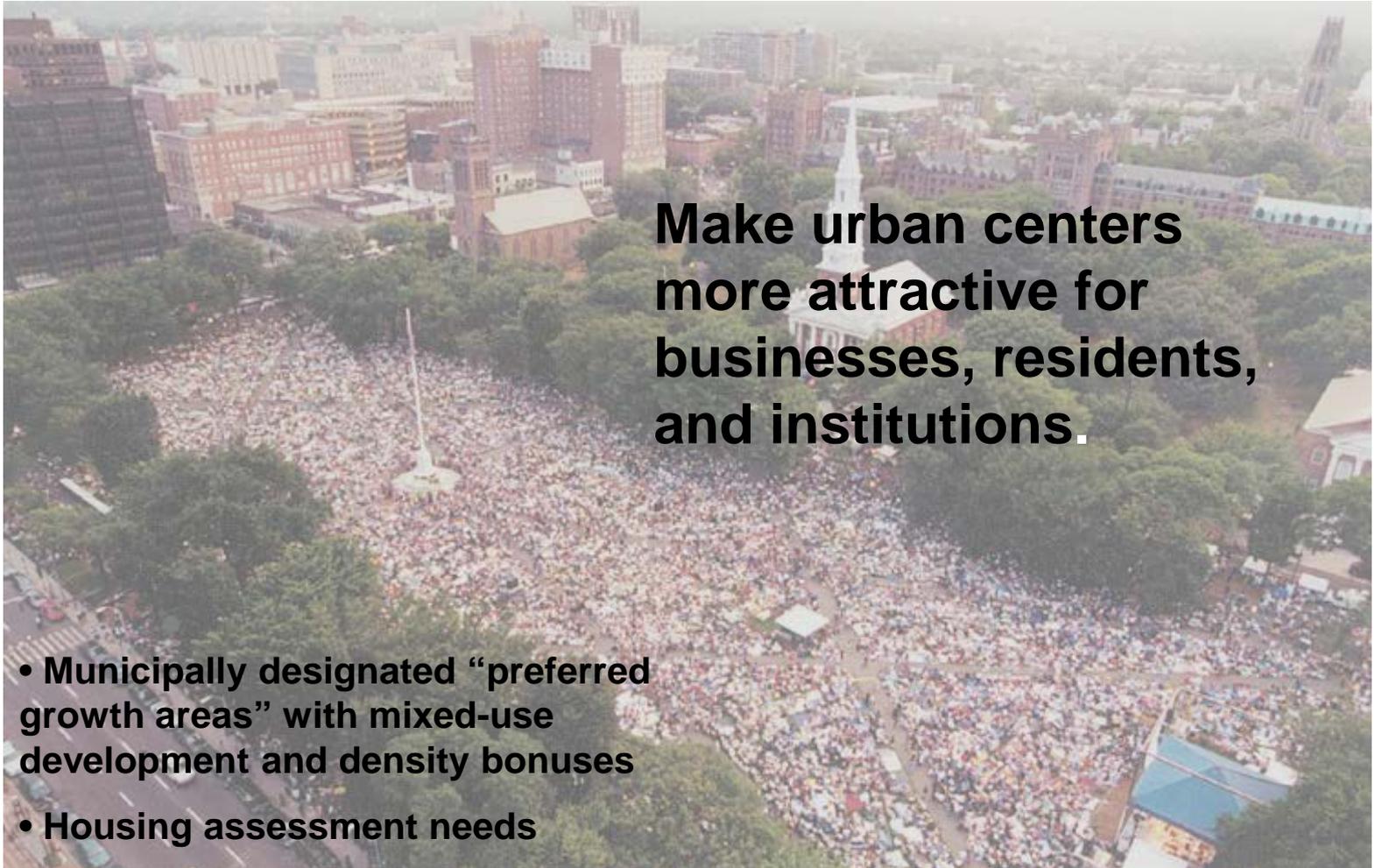
Regional Planning Organizations in Connecticut





Recommendations

TARGET GROWTH



Make urban centers more attractive for businesses, residents, and institutions.

- **Municipally designated “preferred growth areas” with mixed-use development and density bonuses**
- **Housing assessment needs**



Recommendations

TRANSPORTATION POLICY

1. Classify the road network to better distinguish the dominant land use and transportation policy being articulated for each segment
2. Encourage mass transit and railroad transportation
3. Promote transit-oriented development with defined state, regional and municipal responsibilities that will support transit alternatives to the automobile



Recommendations: 2002

REVENUE INFORMATION

1. TAX INCIDENCE STUDY

ADEQUATE REVENUE BASE

1. FUND LOCAL EDUCATION

- Increase ECS Foundation to \$7,900 \$500M
- Municipal floor of 50% for education (MER) \$300M
- Minimum funding of 50% for Special Ed \$125M

2. FULLY FUND PILOTS \$250M

Total \$1,175M





Recommendations

TAX SHIFT

1. ENACT A TEMPORARY SPENDING CAP DURING PERIOD OF TAX SHIFT
 - a. A cap of 2.5% or the rate of inflation, with a 2/3 requirement to override
2. ENHANCE MUNICIPAL EFFICIENCIES AND TRANSPARENCY
 - a. Uniform financial reporting
 - b. Adoption of fund-balance reserve policy
 - c. Annual grading of municipal financial management
 - d. Watch List
 - e. Financial oversight



Recommendations

STRATEGY

1. A shared sense of destiny is critical to forging broad coalitions to overcome local parochial concerns
2. The consequences of the failure to act must be made clear
3. Strong leadership is required
4. Concurrent efforts to meaningfully reduce the cost of government must be part of the solution
5. Smart growth plans need to be institutionalized through better state oversight and a non-governmental advocacy group
6. Cannot be anti-growth
7. Change must be informed and will be incremental
8. Winston Churchill





2013 Thoughts

- Reform State's Tax code
 - Measure, budget, sunset tax expenditures
 - Eliminate exemptions, flatten
- Statewide property tax
- Public Pension Funds

