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# NEW ENGLAND AGRICULTURAL ECONOMICS COUNCIL

PROCEEDINGS

1968



UNIVERSITY OF NEW HAMPSHIRE  
DURHAM, NEW HAMPSHIRE

NEW ENGLAND  
AGRICULTURAL ECONOMICS  
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PROCEEDINGS  
1968 ANNUAL MEETING

UNIVERSITY OF NEW HAMPSHIRE  
DURHAM, NEW HAMPSHIRE

JUNE 17, 18, 19, 1968

## "ZONING, TAXING, AND THE RURAL LAND MARKET"

by: Robert L. Leonard <sup>1/</sup>

There is growing concern in Connecticut over the effects of restrictive zoning regulations on land prices and housing costs. Large-lot zoning, for instance, creates an expected shortage of land for residential use. Low assessments on undeveloped land also contribute to speculative increases in land prices.

Land prices and construction costs are rising faster than disposable family income. In areas of expanding employment opportunities and growing population the price of existing houses quickly adjusts. Rising prices and 7 percent interest rates are squeezing all prospective house buyers. Many families are simply being squeezed out of the market. In most of Connecticut the minimum price for a modest three bedroom house in reasonably good condition is \$20,000. By the conventional rule a family should not attempt to purchase a house costing more than two and a half times annual income. Median family income in Connecticut is approximately \$9,000. Thus, almost half of the families in this affluent state cannot purchase a modest three bedroom house.

Our cities are crowded and becoming more crowded. Urban renewal reduces the number of housing units; moreover, apartments on renewal sites are usually priced above the reach of families formerly living in the area. Reducing racial barriers will be of little consequence if both black and white face impossible economic barriers.

Having pointed to an enormous problem, a small portion of it will be analyzed. That portion will be the cost of building sites for single family homes in rural and suburban Connecticut. After a brief review of the range of prices for acreage and for improved lots, attention will be focused on zoning and taxing policies which are in part responsible for existing prices.

There is not, to my knowledge, a single acre of land in Connecticut for sale at a price commensurate with expected returns from the production of agricultural or forestry products. No part of the state is sufficiently remote to exclude the possibility of industrial, commercial, residential or recreational land use. Since only a small percentage of the farm and forest land is currently being developed for a more intensive use, prices are determined by expectations.

Prices for acreage with little road frontage are approximately \$100 or more per acre in the most remote parts of the state; \$500 in the town of Mansfield six miles from the University of Connecticut; \$200 to \$300 per acre six miles from the University of Connecticut in towns with school systems not appreciated by University faculty; \$1,000 to \$3,000 per acre for developable acreage in Glastonbury five to ten miles southeast of downtown Hartford.<sup>2/</sup> I have no basis for attempting to estimate the price of acreage in Fairfield County.

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<sup>2/</sup> Prices in Glastonbury were estimated on June 12, 1968, by David Bowman, Glastonbury, Realtors.



Buildable lots with neither water nor sewers sell at approximately \$1,000 to \$1,500 in the most remote parts of the state; \$3,000 to \$5,000 in Mansfield six miles from the University of Connecticut; \$4,000 to \$5,000 in Mansfield three miles from the University; \$3,000 to \$7,000 in Glastonbury.

The preceding price estimates do not reflect the upper limit of current prices. The estimates are for basic conditions. For land with a scenic view or a particularly desirable location prices are often well beyond the estimated ranges.

The remainder of this paper will be focused on government policies which tend to reduce the availability and increase the price of sites for single family homes. Large-lot zoning, highly restrictive subdivision regulation, large minimum house size requirements, and the assessment of farm and forest land at a small percentage of market value will be examined.

#### Zoning:

The definition of a large lot is a relative concept. In many parts of the United States a singly family house lot of 10,000 square feet is considered large. In a study of planning and zoning in Connecticut it was concluded that a majority of persons in Connecticut thought a lot to be large only if it exceed a half acre and that many persons thought large to mean more than one acre. 1/ For this paper 40,000 square feet or more will be considered a large lot.

A brief review of land use and zoning will indicate the extent of large-lot zoning. Residential, commercial, industrial, institutional and transportation uses occupied 11 percent of the total area of the state in 1962. The remaining 89 percent was "undeveloped" in planning terminology. Of this undeveloped or vacant land 70 percent was zoned for residential use in 1966. Of the vacant land zoned for residential use 60 percent was zoned for lots from 40,000 to 80,000 square feet and 9 percent was zoned for lots in excess of 80,000 square feet. 2/

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1/ American Society of Planning Officials, "New Directions in Connecticut Planning, Legislation: A Study of Connecticut Planning, Zoning, and Related Statutes", a report to the Connecticut Development Commission, February 1966, p. 183.

2/ American Society . . . , op. cit., p. 186.

Officially expressed reasons for large-lot zoning include:

- (1) rough topography
- (2) lack of public water and sewerage facilities
- (3) soil conditions not suitable for private sewerage disposal systems
- (4) need for privacy
- (5) control over the rate of development
- (6) maintenance of open space
- (7) maintenance of the rural character of the town
- (8) maintenance of property values
- (9) protection of property owners from the increase in taxes which might result from the construction of lower or moderately priced houses which would yield tax revenues smaller than associated municipal expenses, particularly school costs.

At public hearings there is often an expression of desire to keep out of town the type of people who would live in subdivisions with small lots. Persons speaking in favor of increasing lot size requirements often cite the existence of large-lot requirements in neighboring towns. Prestige and fiscal advantage are associated with lot sizes larger than those required in nearby towns.

Large-lot zoning certainly increases the cost of building sites. More land per lot is required. Large square footage requirements are accompanied by large frontage requirements, usually 150 foot frontage for lots of 40,000 square feet and 200 foot frontage for lots of 80,000 square feet. Costs of roads and other improvements, such as curbs, sidewalks, and water lines are directly related to frontage requirements.

There is no reliable method of measuring the influence of large-lot zoning on the price of developable acreage. Other factors remaining the same, a fifty percent increase in lot size, for example, would increase the price of improved lots and reduce sales and would, therefore, increase the amount of acreage subdivided by less than fifty percent. However, other factors, such as income, rate of family formation, building costs, and interest rates, do not remain constant. The whole situation is further complicated by conflicting projections of the rate of suburban expansion.

If the existing zoning pattern were frozen the vacant land in the state would house a population increase of approximately 4,750,000 persons. <sup>1/</sup> A population increase of this size could easily occur within fifty years. The owner of the last vacant acre available for residential use could expect a handsome price. This is all fiction, of course. Single family houses are being divided into apartments, and one and two family houses are being replaced by apartment buildings. Moreover, rezoning of vacant land in suburban and nearby rural towns to permit construction of apartments is a common practice. Nevertheless, existing zoning does give the impression that much of the state will be in suburban development within fifty years. This impression promotes speculation and increases the current price of land.

While rezoning to lower house lot area and frontage requirements is rare, rezoning to permit apartments is common. At any point in time zoning maps in most suburban and nearby rural towns show little or no vacant land zoned for apartments. Yet, apartments under construction are easy to find. Rezoning is strictly by permission and usually involves a considerable controversy. Nearby homeowners oppose the combined interest of developers, landowners wishing to sell, and retail business owners. Since new apartments usually contain only one and two bedroom units few school age children are expected. Thus, persons passionately opposed to increasing school costs are not as concerned as they are when developers propose subdivisions of single family houses.

Lot size requirements for single family homes are large and the trend is up. Developers and landowners wishing to sell are rarely successful in attempts to procure reductions in lot size or permission to develop on a cluster plan. The Connecticut Home Builders Association is fighting a defensive battle and appears to be losing. The builders are obviously fighting for their own interest, but they seem to be the only organized group which represents, at least in part, the interest of potential home buyers of moderate financial means.

Problems associated with competitive large-lot zoning have been recognized by some members of the state legislature. In 1965, the legislature authorized an extensive study of Connecticut planning, zoning, and related statutes. Specific attention was directed toward a study of the social and economic impact of large-lot zoning, increased subdivision standards and restrictive building codes. <sup>2/</sup> Under this authorization the American Society of Planning Officials was hired to prepare a report <sup>3/</sup>. This report contained an analysis of large-lot zoning, and a recommendation that the additional study was needed. The report also recommended that the legislature refrain from setting state-wide maximum lot size requirements.

<sup>1/</sup> American Society . . . , op. cit., p. 189.

<sup>2/</sup> Connecticut General Assembly, Special Act 249, 1965.

<sup>3/</sup> American Society . . . , op. cit.

In 1967, three bills to restrict large-lot zoning were filed with the General Assembly. Bill No. 2743 would have prevented zoning commissions from requiring a land area in excess of one acre for each single family residence. Bill No. 3688 would have set a one acre limit except where a larger lot was necessary to protect health and safety. Bill No. 855 would have altered the powers and duties of zoning commissions by making them responsible for preventing the underpopulation of land and for avoiding undue diffusion of population. The latter bill would also have limited lot size requirements to two acres for a single family residence except where the health commissioner certifies the necessity of a larger lot to protect public health. Neither of the three bills became law, but the question is apparently still under consideration.

The extent to which subdivision regulations are used to discourage subdivision is difficult to determine. In many towns persons speaking in favor of higher subdivision standards stress the need to protect the town from developers, particularly those who build lower priced houses in large subdivisions. The requirement of granite curbs in Enfield is clearly a defensive measure. On the other hand, wide street and sidewalk requirements can be equally defensive when combined with large frontage requirements.

Zoning regulations in Connecticut towns usually include minimum house size requirements. Many of the regulations include sliding scale house size requirements with large-lot districts having larger house size requirements. Moreover, within a zone, house requirements are often different for different architectural types. In Glastonbury five zones have different size requirements for single family houses. In each zone, a minimum floor is specified for the following house styles: single story, two story, split level, one and a half story with second floor finished, and one and a half story with the second story unfinished. 1/

In their report, the American Society of Planning Officials recommended that Connecticut statutes be amended to prohibit the inclusion of minimum house size requirements in local zoning regulations. 2/ I have been studying the probable impact of such an amendment. Data on new house sizes and zoning requirements have been collected and analyzed for Avon, Glastonbury, Suffield, and Tolland. Only in Tolland were a significant number of houses built at or near the minimum house size requirement. Of the four, Tolland has the smallest minimum house size requirement except for two story houses. Relative to the other towns, a very small percentage of the permits in Tolland were for two story houses. The high rate of construction of small houses in Tolland can be explained, at least in part, by location and land prices. Most of Tolland is within thirty minutes driving time of large blue collar employment centers in East Hartford. Land prices are lower in Tolland than in the other three towns, which are considered more prestigious than Tolland.

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1/ Glastonbury, Connecticut, "Zoning Regulations", effective May 8, 1966,

2/ American Society of Planning Officials, op. cit., p. 88.



A state statute eliminating minimum house-size requirements might result in an increase in other defensive measures in towns like Tolland where there now appears to be a strong demand for small houses. If counter moves to make construction of small houses uneconomical were not made an increase in the supply of small houses could be expected. However, available data indicates that there would be an increase in economic segregation in the suburban areas and a relative decline in the fiscal position of the poorer suburban towns.

A change in fiscal structure to reduce the dependence of towns on the local property tax has often been suggested as a way of reducing the pressure for defensive zoning. From the preceeding analysis it would appear that direct action to limit defensive zoning might create pressure for reducing municipal dependence on the local property tax.

#### Assessment of Farm and Forest Land:

Farm and forest land are usually assessed for tax purposes at a very small percentage of market value. A higher rate of assessment would increase the cost of holding land and tend to lower current prices. However, there appears to be little reason to expect higher assessment on vacant acreage in the near future.

The assessment of farm and forest lands at a smaller percentage of market value than buildings, lots with buildings, or vacant lots in subdivisions is a long established practice. Pressure to legalize and spread this practice led to several attempts to obtain legislation to restrict assessment rates on open land. In 1963, the General Assembly passed, and the Governor approved Public Act No. 490, which provided for the assessment of "farm land", "forest land", and "open space land", according to current use without regard to the value of nearby land in more intensive uses. <sup>1/</sup>

Applications by land owners for assessment under Public Act 490 have been concentrated in a few towns where a general re-evaluation had resulted in substantial increases in assessments of farm and wood lands. Applications under Public Act 490 can be expected to increase as more towns undertake general re-evaluations.

Public discussion concerning passage of Public Act 490 centered on open space preservation and the equitable distribution of municipal expenses. Little attention was given to the influence of use value taxation on land prices and housing costs. As in zoning, the aspiring home buyer of median income or less has no public voice.

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<sup>1/</sup> Connecticut General Assembly, Public Act 490, An Act Concerning the Taxation and Preservation of Farm, Forest and Open Space Land, 1963.