



## HOUSING AFFORDABILITY

As market prices continue to climb, it is increasingly difficult to produce and maintain quality homes and rental units at a price that the average resident can afford. Increasingly, businesses are expressing concern about the economic ramifications of the lack of affordable housing. State investment can be used creatively to fill the financing gap and move the reality of a quality home or rental unit within the reach of more Connecticut residents.

- In some communities, high housing costs are:
  - forcing out young residents that are the future workforce of the state
  - blocking many from access to the single most powerful tool for economic opportunity – homeownership
  - forcing elderly residents into poverty with rising property tax bills.
- At an August, 2004 retreat of the Connecticut Housing Finance Authority representatives of the non-profit and for-profit housing development community agreed that without some gap financing or a gap appraisal financing mechanism, in addition to current capital and tax credits, the ability to deliver affordable housing product to working families will be severely limited.
- The shortage of affordable housing – estimated at 68,000 units by the Blue Ribbon Housing Commission in 2000 and growing since -- is no longer only about poor people and low-income workers. It is about the future of the state's economy and housing for our workers.
- Connecticut faces the same problem as other states: workers are leaving the state, threatening business development. Connecticut has been losing 25-44-year-old population for the last four years – from 1,035,600 to 994,300 – and is projected to keep losing it for the next four down to 958,500. Meanwhile, a 2004 CBIA survey has uncovered labor shortages in many skills, from plant managers to engineers to tool-and-die makers. Economists agree Connecticut's economy cannot expand without new workers emigrating to the state, and that cannot happen unless they find housing they can afford.
- In urban centers, growing costs and a shortage of investment capital is hampering efforts to revitalize neighborhoods and restore cities to vibrant centers of culture and commerce.
- Homeownership has always been viewed in the United States as a means by which working families can accumulate assets. In Connecticut, the dream of homeownership is increasingly out of reach. While Connecticut is just below the average percentage of families owning their own home for the United States (69%), in Hartford (24%), New Haven (29.6%), New London (37.9%) , New Britain (42.7%), Bridgeport (43.2%), Waterbury (47.6%) and Windham (48.4%) the rate of homeownership is below 50%.
- A minimum wage worker in Connecticut needs to work 104 hours/week to afford a two bedroom rental unit, and the numbers are worse in Stamford/Norwalk, now the nation's second most expensive rental market, with a "housing wage" of \$27.63 per hour.
- The most recent national "Out of Reach" study on rental housing states that the Connecticut statewide "housing wage" is \$17.90 per hour. Of 688 occupations in Connecticut, 324 have a median wage below that level.
- Over the course of one year, there are now approximately 33,000 (twice the 1990 level) people who experience homelessness in Connecticut, of which an estimated 13,000 (over four times that in 1990) are children. There are 79 shelters and transitional housing programs statewide with an estimated 37,500 turn-aways for bed-nights due to lack of space. Between 1999-2003 family shelter requests have grown by 248%.