



Bond Funding Talking Points 2019 Legislative Session

Housing and Connecticut's Economy

- Borrowing to build housing increases supply, reduces prices and helps keep and attract new population to Connecticut; state housing dollars always leverage private investments and often are accompanied by federal finance programs.
- Housing produces jobs and state revenues. CHFA has estimated that \$75 million in capital funding for affordable housing could result in:
 - 800 units of affordable housing,
 - \$340 million in economic activity,
 - 2,600 jobs and
 - \$29 million in state revenues if leveraged with Low Income Housing Tax Credits.
- If a developer privately finances a development, it could result in:
 - 260 units,
 - \$115 million in economic activity,
 - 880 jobs and
 - \$9.6 million in state revenues.
- In 2014, the National Association of Home Builders estimated that construction of 1,000 rental apartments, including units developed under the Low Income Housing Tax Credit, generates 1,130 jobs while \$100 million in remodeling expenditures creates 890 jobs.

The estimated one-year impacts of building 100 rental apartments in a typical local area include:

- \$11.7 million in local income,
- \$2.2 million in taxes and other revenue for local governments, and
- 161 local jobs.

These are local impacts, representing income and jobs for residents of the typical metropolitan area or non-metropolitan county, and revenue for all jurisdictions within the local area. They are also one-year impacts that include both the direct and indirect impact of the construction activity itself, and the impact of local residents who earn money from the construction activity spending part of it within the local area's economy.

The additional, annually recurring impacts of building 100 rental apartments in a typical local area include:

- \$2.6 million in local income,
- \$503,000 in taxes and other revenue for local governments, and
- 44 local jobs.

These impacts were calculated assuming that new multifamily units built in the typical local area have an average market value of \$145,000; which includes \$14,000 in raw land value and \$13,672 in permit, hook-up, impact and other fees paid to local governments; and incur an average annual property tax of \$1,626 per unit.

- “The availability of housing that is affordable to people along the income spectrum is an important building block of strong, resilient regional economies. Along with a robust transportation network, good schools, sound government, and an open business environment, creating a sufficient supply of housing—near jobs and transportation and at prices and rents workers can afford—should be a key component of local and economic development strategies (Shelterforce, Good Local Housing Policy is Good Economic Development Policy, May 15, 2014).”
- Whether a developer builds homes for rich people or poor people, land, materials and labor cost the same. If rich people are buying or renting those homes, the developer doesn't need subsidy to cover development costs. But if moderate- or lower-income people are buying or renting, they can't pay as much so the developer can't cover his costs. That's where state subsidy makes the crucial difference.

Housing Cost and Need

- Connecticut has the nation's 6th highest median monthly housing costs.
- 48% of renters, 34% of homeowners (37% overall) are burdened by their housing costs (they pay 30% or more of their income for housing).

- 128,000 renters earn less than half the median income and spend more than half of that on rent. They have very little left for food, clothing, transportation, healthcare and other necessities.
- Housing near transit provides opportunity. Reconnecting America estimates the average household spends 32% on housing and 19% on transportation. But those who live within ½ mile of transit spend only 9%, leaving significant income for housing, food, clothing and other necessities.
- According to the National Low Income Housing Coalition, CT needs an estimated 90,000 affordable units for people to not be burdened.
- Connecticut's \$24.90 housing wage – the hourly earnings needed to afford a typical 2-BR apartment – is 9th highest in the nation and equal to a \$51,799 annual salary.
- Low- and moderate-income families have few choices in choosing communities that work best for them and their children. Ten (10%) percent or more of the housing stock is affordable in only 30 of CT's 169 municipalities. Those 30 tend to have overburdened schools and few services.

Affordable Housing and NIMBY Arguments

- Reliable research has shown that affordable housing does not lower property values, bring crime or raise school costs because of additional school children. Those are myths.