

An aerial photograph of a suburban neighborhood, showing rows of houses with grey roofs, green lawns, and paved streets. A semi-transparent dark blue rectangle is overlaid in the center, containing the title text. Various vehicles, including a yellow car and a white van, are visible on the streets.

No Place Like Home: Housing Availability & Affordability in Connecticut

2022 Issues Conference
Office of Legislative Research

Presentation Overview

- Part I: Affordability and Inventory
- Part II: CT's Affordable Housing Framework
- Part III: Recent Legislation
- Part IV: Potential Legislation





Part I: Affordability and Inventory

Home values in the state are at their highest level since the Great Recession.

Zillow Home Value Index in Connecticut, 2006-2022



While the number of home sales has declined, list prices continue to increase.

↓ 30 %

Home sales year-over-year

↑ 11 %

Median sale price year-over-year

↓ 21 %

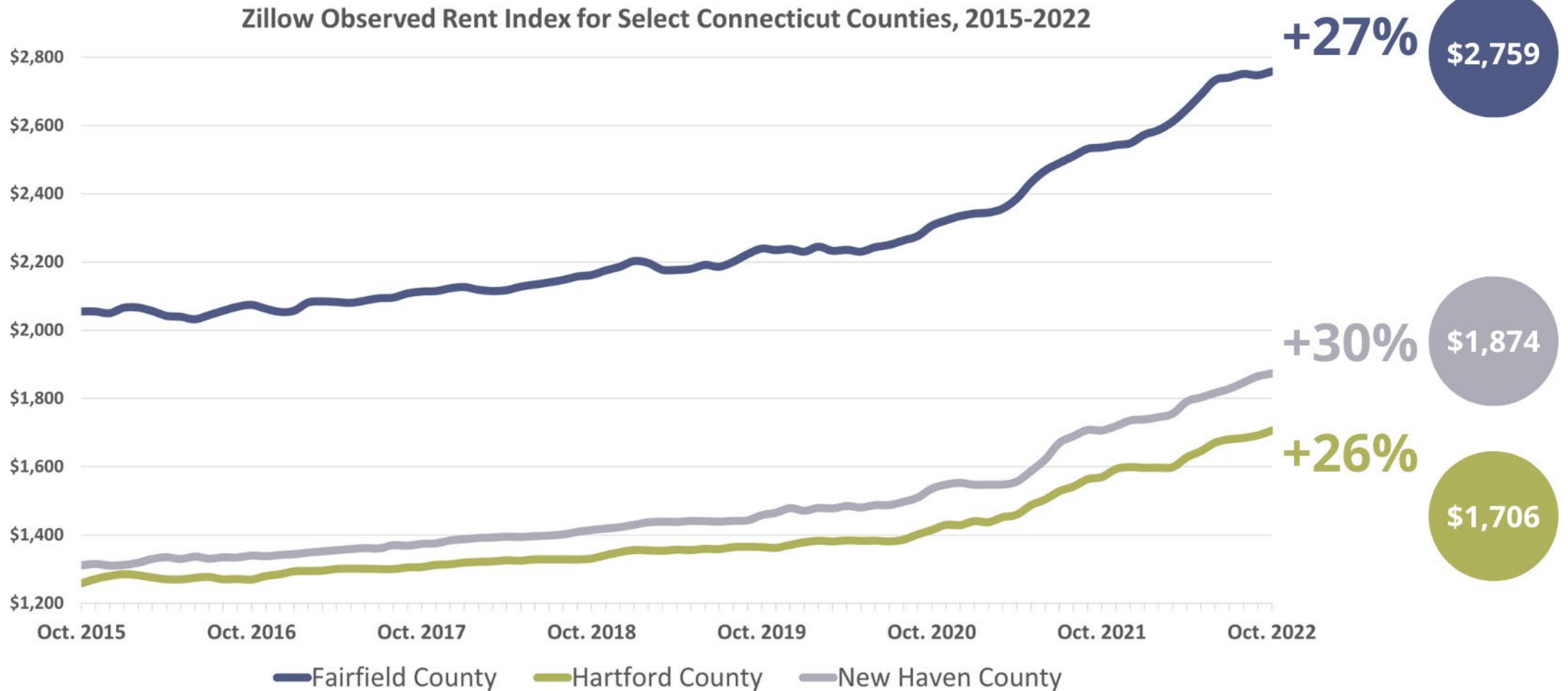
New listings

35 days

Average days on the market



Rent prices have also increased substantially since the start of the pandemic.



Connecticut residents' high property tax burden contributes to housing costs.

Property Tax as a % of Local Revenue, 2019

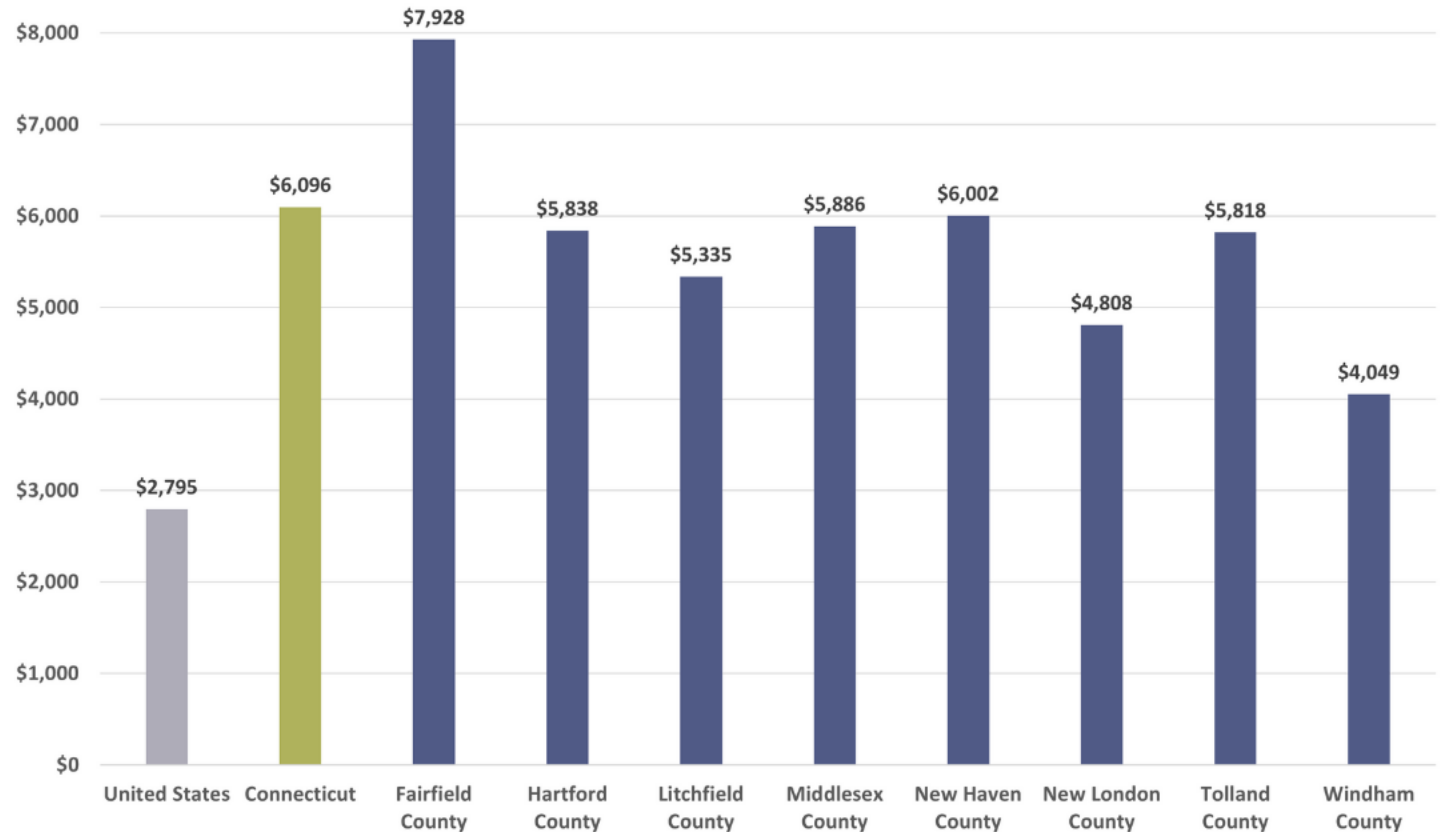
Connecticut

61%

United States

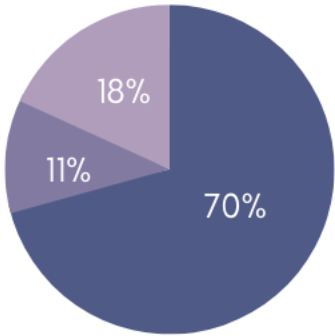
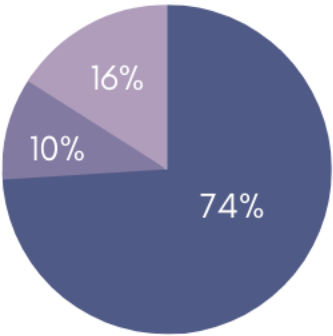
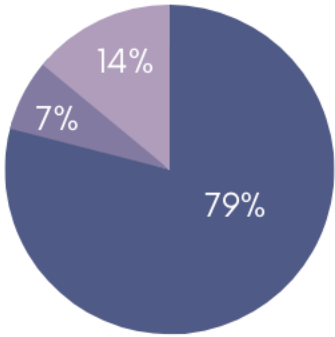
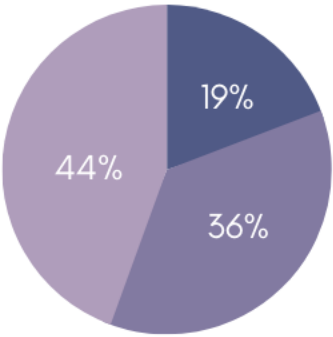
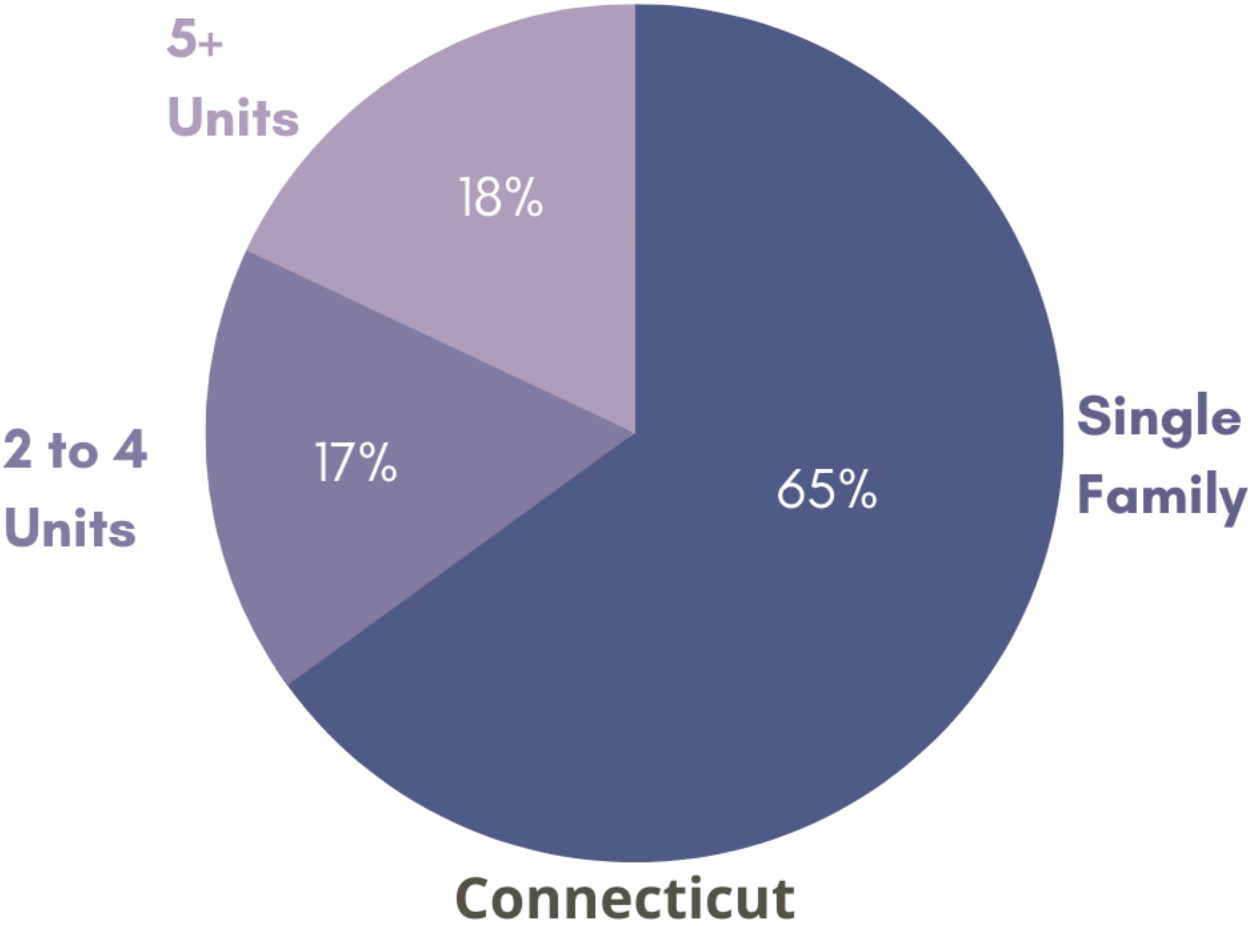
30%

Median Real Estate Taxes Paid, 2021



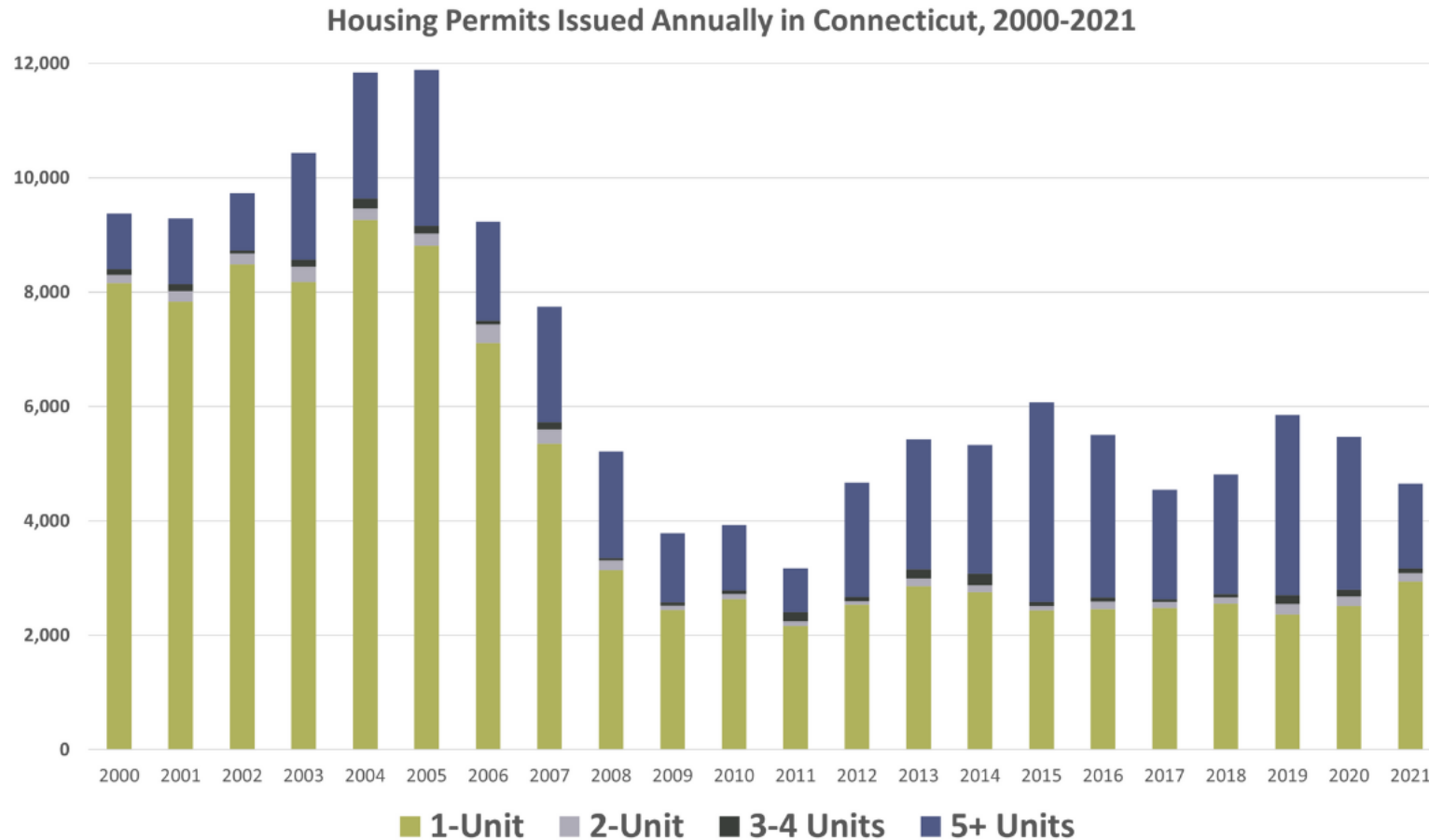
Sources: U.S. Census Bureau American Community Survey 2021 1-Year Estimates; Lincoln Institute of Land Policy's *Significant Features of the Property Tax*

Multi-family housing is disproportionately located in the state's largest cities.



Source: U.S. Census Bureau American Community Survey 2020 5-Year Estimates

Housing construction has not returned to pre-recession levels, but large multi-family construction has increased.



↓ **46%**

Total Housing
Permits Issued

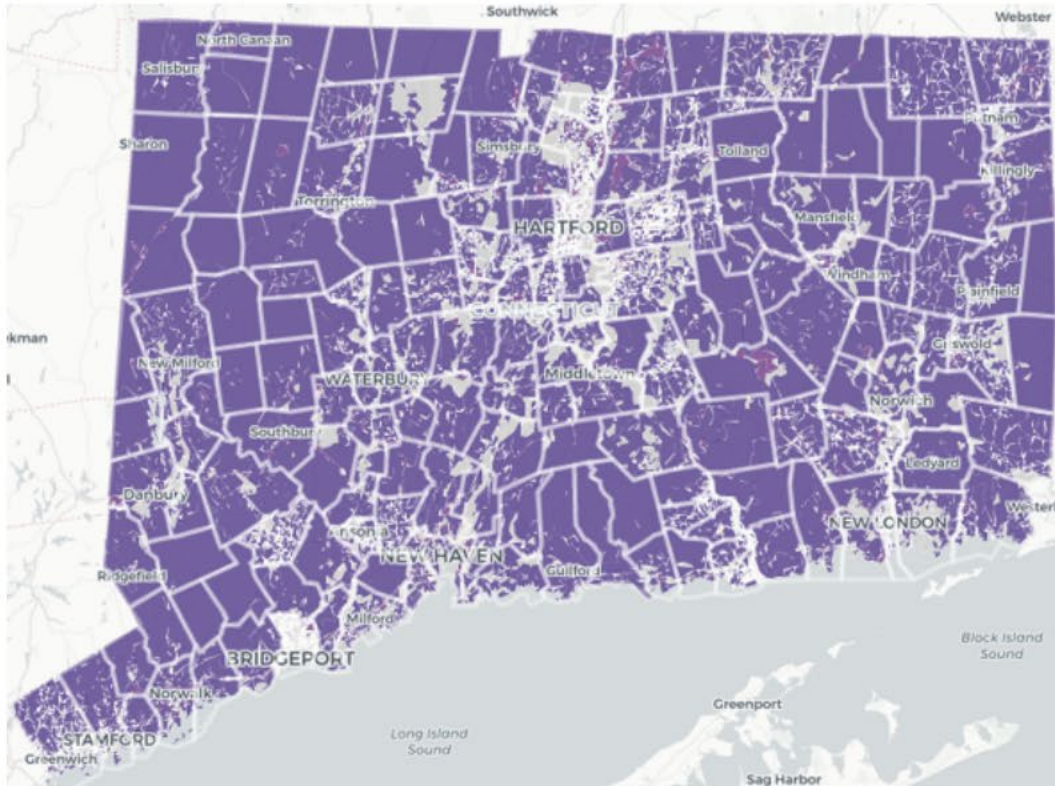
↑ **89%**

5+ Unit Housing
Permits Issued

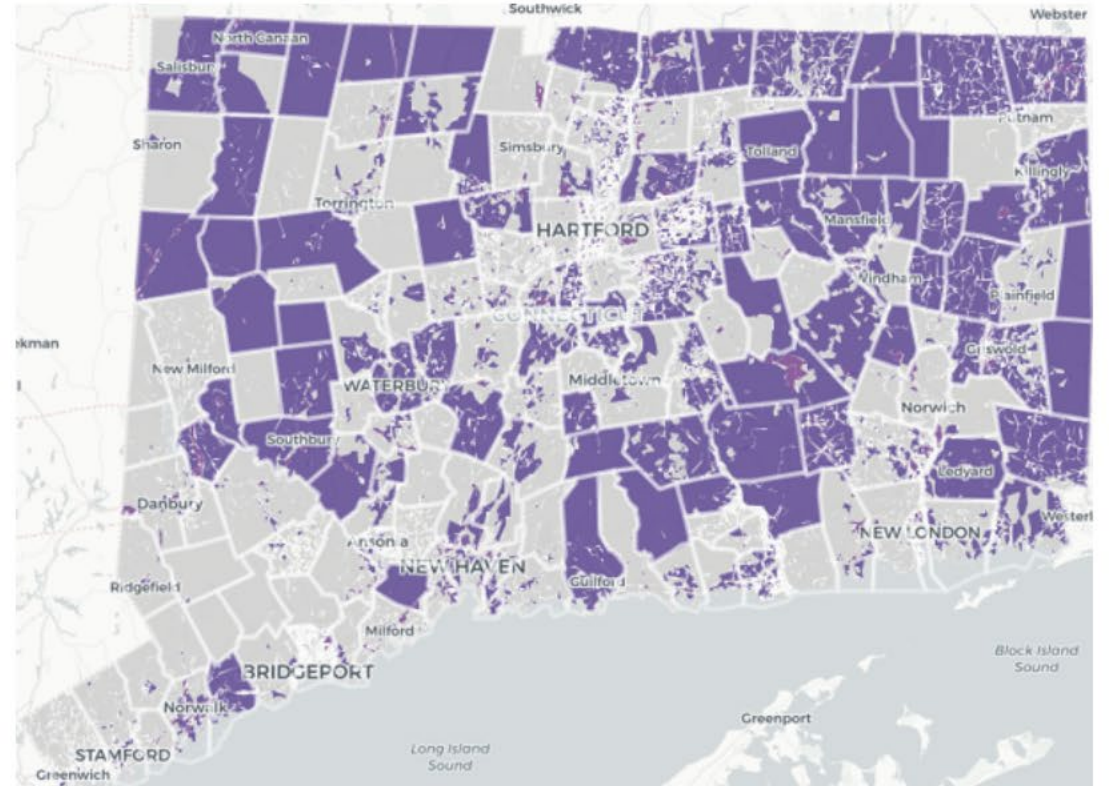
Source: Connecticut Department of Economic and Community Development Annual Construction Report data, 2000-2021

Much of Connecticut is not zoned for multi-family housing.

Single-Family Housing Permitted



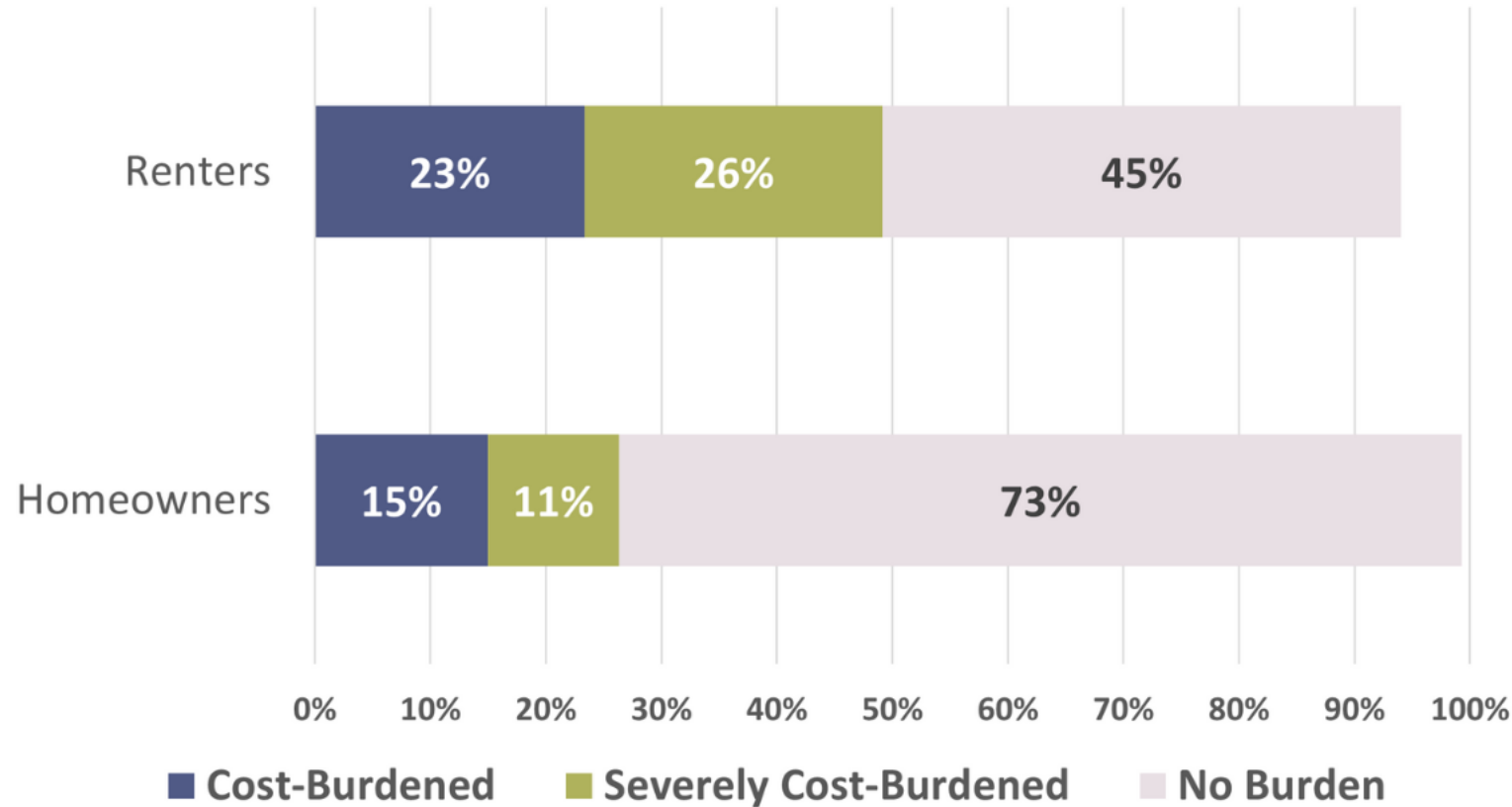
Two-Family Permitted



Source: Connecticut Zoning Atlas

Renters typically spend a greater share of their income on housing than homeowners.

Connecticut Housing Cost-Burden Rates, 2021

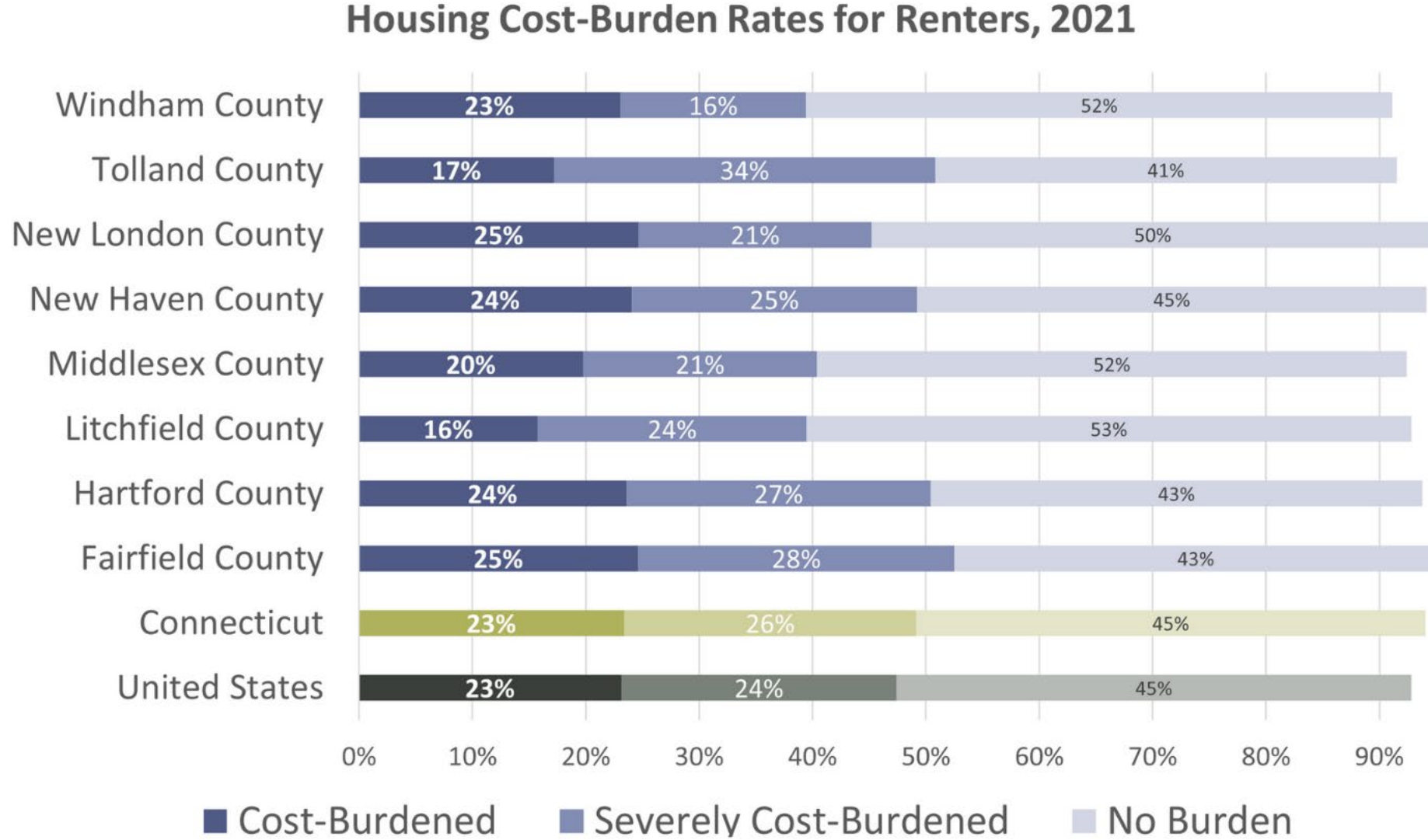


The federal Department of Housing and Urban Development considers households spending 30% or more of their income on housing costs “cost-burdened.”

Those spending 50% or more of their income are considered “severely cost-burdened.”

In Connecticut, nearly half of renter households are cost-burdened, compared to about a quarter of homeowners.

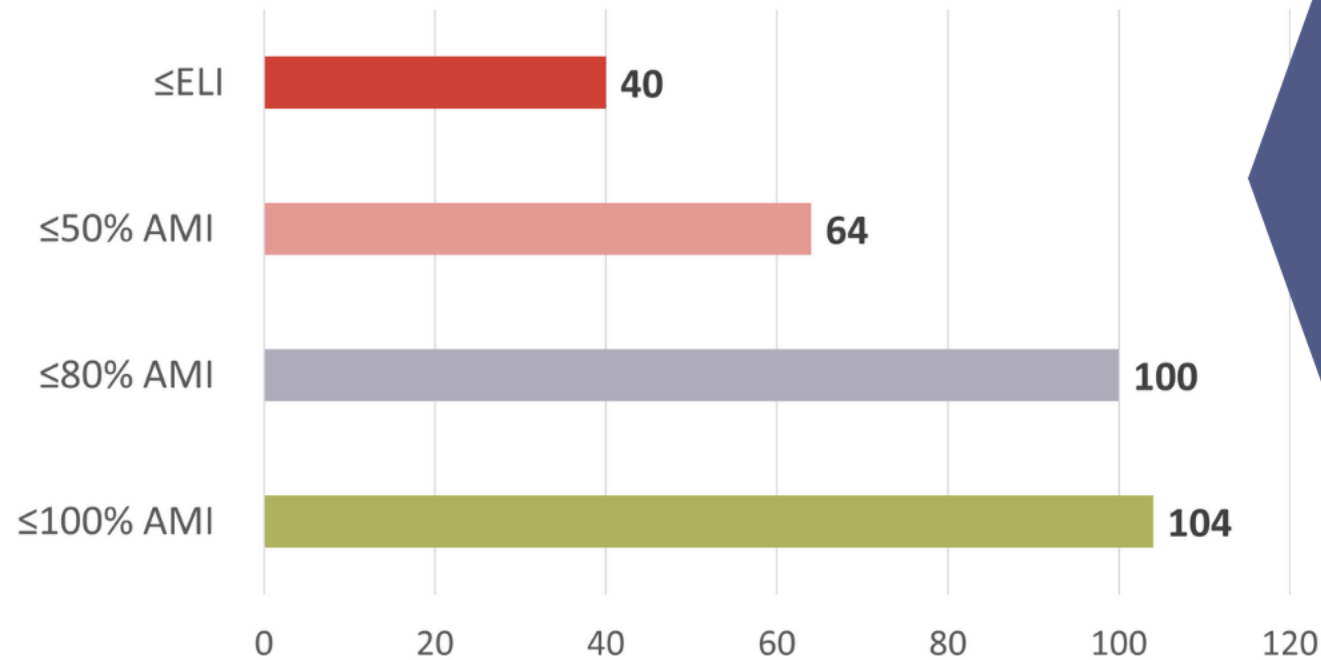
Cost-burden rates for renters vary between counties.



Source: U.S. Census Bureau American Community Survey 2021 1-year estimates

There is a shortage of housing for low-income renter households.

Affordable and Available Homes per 100 Renter Households, 2020



Extremely low-income (ELI) households are those whose incomes are at or below the poverty guideline or 30% of their area median income (AMI).

In Connecticut, only 40 rental homes are affordable and available for every 100 extremely low-income renter households.

142,530

ELI households

-85,403

ELI rental
home
shortage

66%

severely cost-
burdened ELI
housholds



Part II: Connecticut's Affordable Housing Framework

Defining Affordable Housing

30% Rule and AMIs

Under state law, a housing unit is considered affordable if a household earning no more than the area median income (AMI) pays 30% or less of its annual income for it (CGS § 8-39a).

HUD sets AMIs each year, which are used to determine eligibility for various federal housing programs (e.g., Public Housing and Section 8).

CGS § 8-30g

CGS § 8-30g places the burden of proof on non-exempt municipalities to defend their decisions, if contested, to reject qualifying affordable housing development applications. Affordable housing under this statute includes:

- government-assisted housing,
- housing with CHFA mortgages,
- deed-restricted housing, and
- certain mobile homes.

Housing Programs in Connecticut

State Programs

- CHFA mortgage and down payment assistance programs
- MyHomeCT foreclosure prevention
- Housing Tax Credit Contribution (HTCC) Program
- Rental Assistance Program (RAP)
- UniteCT emergency rental assistance
- Bond-funded housing development programs (Flexible Housing Program and Housing Trust Fund)

Federal Programs

- Low-Income Housing Tax Credit (LIHTC) Program
- Public Housing
- Section 8 Program
 - Housing Choice Vouchers
 - Project-Based Rental Assistance

There are many factors impacting housing affordability and inventory.

Supply Side Constraints

- Post-Great Recession construction dip
- Restrictive zoning codes
- Local permitting processes
- Weak market development costs
- Little undeveloped land remaining

Recent Economic Conditions

- Unforeseen pandemic housing demand
- Inflation and increased building costs
- Increasing mortgage rates and rent costs
- More investor activity in the single-family home market

Demographic Trends

- Aging population
- Millennial homebuyers
- Household composition trends (less married households with kids; more without kids and living alone)

Additional Cost Drivers

- Supply mismatch
- Increasing utility costs
- High property tax burdens (particularly in larger cities)



Part III: Recent Legislation

Changes to Zoning Enabling Act

- Generally reorganized statute to clarify what regulations must, can, or cannot require
- Many changes focused on clarifying local responsibility for providing housing opportunities

CGS § 8-2, as amended by PA 21-29 §§ 3-5



Accessory Apartments (accessory dwelling unit or “ADU”)

- Requires most municipalities to allow ADUs as of right on the same lot as single-family homes, unless they opt out by the end of this year
- Specifies that newly built market-rate ADUs will not increase a municipality's base (market-rate) housing stock calculation for purposes of § 8-30g (i.e., allowing ADUs will not make it harder to qualify for an exemption)

PA 21-29 (§§ 1, 6, 7 & 10), codified primarily at CGS § 8-20

A stack of several books, some with colorful tabs (yellow, orange, pink, blue) sticking out from the pages. The books are stacked on a dark surface.

Affordable Housing Planning Requirement

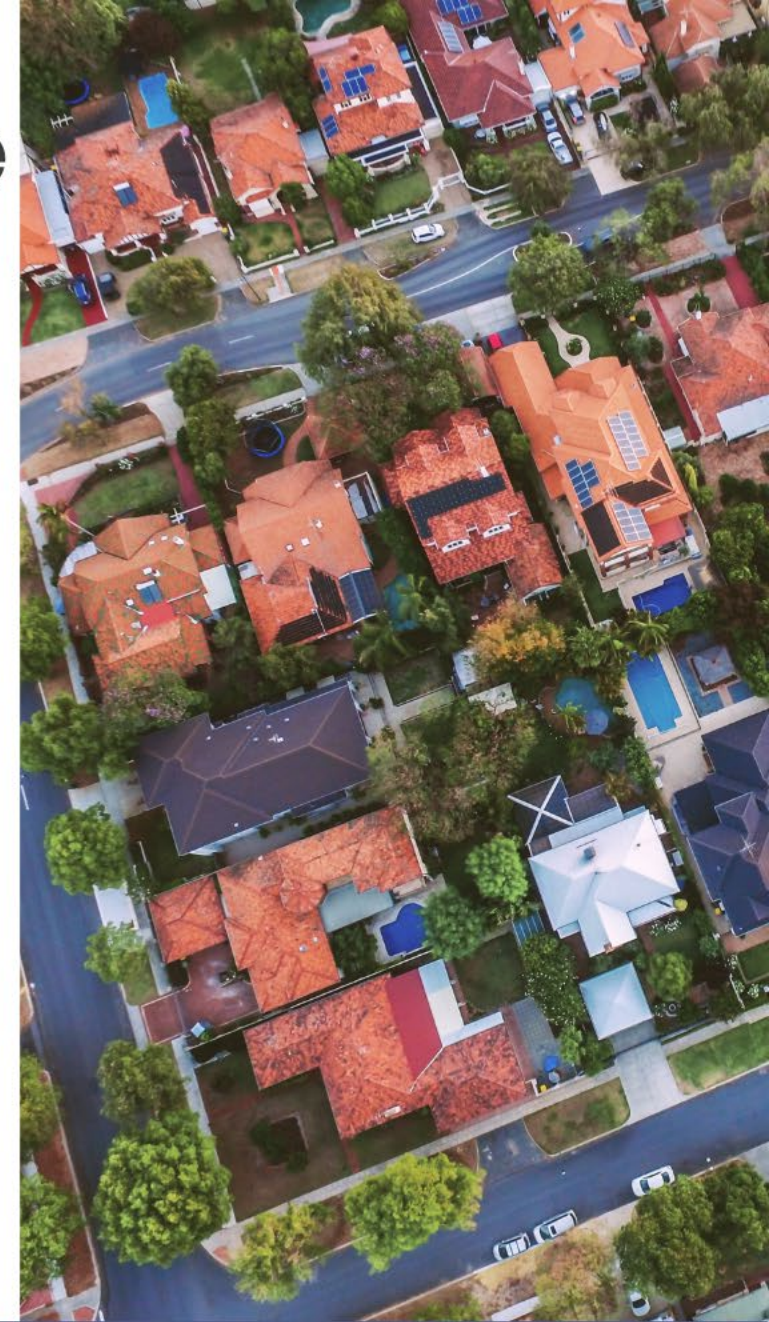
- This year, affordable housing plans were due to the state from each municipality as part of a requirement adopted in 2017
- Plan must specify how the municipality will increase the number of affordable housing developments in its jurisdiction

CGS § 8-30j, as amended by PA 22-74

Affordable Housing Land Use Appeals Procedure (§ 8-30g)

- In 2017, several changes were made to the law to make it easier to obtain a temporary exemption from the burden shifting appeals process
- Several of these changes to the moratorium law expired this fall, on October 1

CGS § 8-30g, as amended by PA 17-170



Fair Rent Commissions

- Requires municipalities with a population of at least 25,000 to establish a fair rent commission by July 1, 2023
- Responsible for controlling excessive rental charges and enforcing certain landlord-tenant statutes

Additional Housing-Related Acts



**Right to
Eviction
Counsel**



**Property
Tax Credit
Increase**



**Bonding for
Health Care
Workforce
Housing**



**Rent Bank
Program**



**Homeownership
Incentive
Program**

The background of the slide is a photograph of the Wisconsin State Capitol building. The building is a large, ornate, light-colored stone structure with a prominent central dome topped by a spire. It features many arched windows and decorative architectural details. In the foreground, there are bare trees and a parking lot with several cars. The sky is a clear, bright blue. A semi-transparent blue rectangular box is overlaid on the center of the image, containing the title text.

Part IV: Potential Legislation

Main Street or Transit Oriented As-of-Right Development

Make it easier to develop lively, walkable, mixed income and use communities close to public transportation and downtowns, where there is existing infrastructure

Fair Share Planning

Require the state to take a more aggressive role in assessing and allocating responsibility for needed housing construction

Rent Control

Limit the rate at which landlords can increase the rent for occupied units

Becoming a Renter

Allow alternatives to traditional security deposits and limit application fees collected from prospective tenants

Property Tax Break

Create a municipal option property tax break for homeowners who purchased their home through the Connecticut Housing Finance Authority's first-time homebuyer program

Learn Here, Live Here

Require state agencies to implement a law that currently gives them discretion to establish a homebuyer savings program for recent graduates, by putting aside a portion of their income taxes





Questions?

Presented by:
Julia Hiob-Bansal
Shaun McGann