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COMMISSION ON CONNECTICUT'S FUTURE AND DEVELOPMENT

REPORT OF THE STATE CONSOLIDATED HOUSING PLAN WORKING GROUP

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I. Working Group Charge

Pursuant to Public Act 21-29 Section 13(f)(2) the Commission on Connecticut's Development and Future has tasked this working group with identifying "*statutory changes concerning the process for developing and adopting the state's consolidated plan for housing and community development prepared pursuant to section 8- 37t of the general statutes*." The working group has prepared these recommendations after review of relevant statutes, Code of Federal Regulations as it relates to the Consolidated Housing Plan requirements (24 CFR Part 91), the now-discontinued Connecticut Department of Economic and Community Development 2010 State Long-Range Housing Plan, the existing 2020-2024 State Consolidated Plan for Housing and Community Development (the "Consolidated Plan") and its process for development. The working group consulted with representatives from the Connecticut Department of Housing and engaged in extensive conversation over a period of six months.

II. State Consolidated Plan for Housing and Community Development

Pursuant to 24 CFR Part 91, each state is required to produce a plan every five years demonstrating how it plans to allocate federal formula grant funding. The grant programs covered by the Consolidated Plan includes: Community Development Block Grant Program-Small Cities (CDBG-SC), Community Development Block Grant-Recovery Housing Program (CDBG-RHP), HOME Investment Partnership Program (HOME), Emergency Solutions Grant (ESG), Housing Opportunities for Persons With AIDS (HOPWA), and the National Housing Trust Program (NHTF). The plan is submitted to the US Department of Housing and Urban Development for review. The plan should describe the methods for the intended distribution of state resources to address the housing and community development needs of extremely low-, low- and moderate-income households and persons experiencing homelessness in the state over the ensuing five years. Connecticut General Statutes Section 8-37t simply codifies this federal plan requirement in state law and requires the Commissioner of the Department of Housing (DOH) to work with the Connecticut Housing Finance Authority (CHFA) in producing the Consolidated Plan.

Connecticut General Statutes section 8-37u further instructs the Commissioner of Housing broadly to coordinate housing policy and housing activities with regional councils of governments, municipalities and municipal agencies, housing authorities and other appropriate agencies. This statute was the basis for the creation of the State Long Range Housing Plan. CGS 8-37u also directs CHFA to produce an annual operating plan that is consistent with the Consolidated Plan. The CHFA plan must include production targets under each multifamily program of the authority, including targets for rental housing production for both elderly and nonelderly families in a proportion consistent with housing needs estimated pursuant to the Consolidated Plan; proposed new and expanded programs; proposed outreach activities to help serve areas of the state or segments of the population whose housing needs have been particularly underserved, and estimated level of subsidy needed to support the proposed level of production.

It is also important to note that several state statutes have been enacted referencing CGS 8-37t since its establishment. These references broaden the role and reach of the Consolidated Plan and should be incorporated into any broader statewide housing planning doctrine. References to the Consolidated Plan in the Connecticut General Statutes include:

- Title 8. Zoning, Planning, Housing and Economic and Community Development
  - CGS 8-2. Regulations
  - CGS 8-23. Preparation, amendment or adoption of plan of conservation and development
  - CGS 8-37u. Commissioner to coordinate housing policy and activities. Operating plan to be submitted and followed by the Connecticut Housing Finance Authority. Commissioner to consult with Commissioner of Agriculture.
  - CGS 8-206. Duties of Commissioner of Housing
- Title 22A. Environmental Protection
  - CGS 22a-1b. Evaluation by state agencies of actions affecting the environment. Public scoping process. Environmental monitor
- Title 32. Commerce and Economic and Community Development
  - CGS 32-1o. State economic strategic plan

Finally, some cities "Entitlement Cities" receive the same or similar funding allocations directly from the federal government, not through DOH. These larger urban centers, like Hartford, have and must submit their own spending plans to HUD as part of the process of receiving and allocating those housing and community development resources. Those plans should, ideally, align with the Consolidated Plan and vice versa whenever appropriate.

III. Problem Identification

Connecticut households are increasingly burdened with rising housing costs. According to the National Low Income Housing Coalition, Connecticut has the 10th highest housing wage in the country. To afford a two-bedroom rental in Connecticut, a household would have to bring in $27.80 per hour, working full-time.[1] Across the state, over 200,000 renter households are cost-burdened by housing costs, or spend more than 30% of their income on housing costs. More than 120,000 renter households are severely cost-burdened, or spend more than 50% of their income on housing costs.[2] Generally, affordable housing finance programs target households at 80% of area median income or below. The deepest need in Connecticut, however, falls on those households at the lowest end of the income spectrum. More than 142,500 Connecticut households are extremely low-income (ELI).[3] This means that their income is at or below 30% of the Area Median Income (AMI). In Connecticut a household of four making $30,530 or below is ELI.[4] This represents 30% of the total renter households in the state. 66% of ELI households are

[1] Out of Reach 2022, *National Low Income Housing Coalition*, https://nlihc.org/oor.
[2] American Community Survey (ACS), *U.S. Census Bureau*.
[3] The Gap 2022: Connecticut, *National Low Income Housing Coalition*, https://nlihc.org/gap/state/ct.
[4] Id.

severely housing cost-burdened.[5] To be able to afford a two-bedroom unit at fair market rent, that household would need to make $57,820.[6]

Despite this, only one in four households eligible for a housing subsidy is able to get one.[7] These households are, at worst, at high risk of becoming homeless and at best, spending so much on housing costs that they are unable to afford other necessities such as food, clothing, healthcare, transportation, utilities, and childcare. In Connecticut, more than 85,000 ELI households do not have access to housing at affordable rents.[8] In other words, for every 100 ELI households, there are only 40 affordable units. ELI households are, demographically speaking, diverse: approximately one-third of households have a member that is in the workforce; approximately another third of households are elderly and not working; an additional nearly 20% of households have a member with a disability.[9] These households are also disproportionately households of color.[10]

Of very low-income Connecticut households – those making 30%-50% of AMI, 77% are cost-burdened.[11] For every 100 households at 50% of AMI, just 64 affordable rental units exist.[12] Even for households making 51% to 80% AMI, 39% are cost-burdened by housing.[13] Connecticut's affordable housing shortage is disproportionately affects households at the 50% AMI bracket and below. Funding opportunities administered by The Connecticut Department of Housing and Connecticut Housing Finance Authority, including those funding streams guided by the Consolidated Plan, work to address these needs.

Finally, the shortage of housing supply is affecting the state's ability to grow economically. Planners and other municipal leaders regularly cite the challenges for our states aging population to downsize as there is an insufficient supply of housing that is not single-family homes. Similarly, younger workers who are not able or ready to purchase a home have difficulty finding sufficient rental stock near places of employment.

IV. Working Group Recommendations

The working group recommends:

- ***Incorporating the seven elements outlined below as part of the Consolidated Plan beginning with the 2025 plan***. Alternatively, these elements could be incorporated into a broader guiding state housing plan document like the former State Long Range Housing Plan produced by DECD last in 2010. Regardless, the working group emphasizes:

[5] Id.
[6] Out of Reach 2022: Connecticut, *National Low Income Housing Coalition*, https://nlihc.org/oor/state/ct.
[7] Small Share of Eligible Households Receive Vouchers and Typically after Long Wait, *Center for Budget and Policy Priorities*, https://www.cbpp.org/small-share-of-eligible-households-receive-vouchers-and-typically-after-long-wait.
[8] The Gap 2022: Connecticut, *National Low Income Housing Coalition*, https://nlihc.org/gap/state/ct.
[9] The Gap 2022 Report (pg. 12-13), *National Low Income Housing Coalition*, https://nlihc.org/gap. NLIHC tabulation of 2020 5-Year ACS PUMS data.
[10] Id. at pg. 14-17.
[11] The Gap 2022: Connecticut, *National Low Income Housing Coalition*, https://nlihc.org/gap/state/ct.
[12] Id.
[13] Id.

- ***the need for a broader, more comprehensive guiding state housing policy doctrine that applies to all housing and community development funding – state and federal and***
- ***such guidance should include more specific location-based elements, actionable steps for implementing such guidance, measurable goals based on needs assessments and a regular plan for assessing progress on those goals.***

- ***Acknowledging the limited capacity at DOH, references in other sections of the Connecticut General Statutes, and the recommendations of this working group, the Administration should add additional permanent staff capacity to support implementation and execution of the Consolidated Plan and housing needs assessments.***

The following elements should be incorporated in the Consolidated Housing Plan and/or a broader statewide housing planning doctrine.

1. **Require Regular State Housing Needs Assessments Every Five Years and Incorporate Findings**

   Recent housing needs assessments have been performed by both state government (CHFA) and outside organizations like the Urban Institute. These needs assessments incorporate US census data, state housing data, and other market indicators. As we have seen in the past two years, market conditions can shift quickly, resulting in changes to who needs housing and where. Thus, the state should invest in a thorough housing needs assessment no less than every five years. Particular attention should be paid to racial and income segregation and track these and other metrics from year to year to identify trends and successes. We also recommend reviewing geographic dispersion of housing insecurity and need and incorporating this and corresponding Opportunity Map elements (like access to employment, quality education, etc.) into the needs assessments. Additional elements to incorporate include housing production (new construction and rehabilitation) and unit targets for those elements, housing cost burden, BIPOC homeownership promotion, affordable homeownership opportunities, vacancy rates, building code violations, resident turnover and neighborhood experience data, and % of households eligible for housing subsidies versus those who receive them.

   The Consolidated Plan should include a thorough review of recent housing needs assessments (both the proposed state quinquennial version and those from reputable outside organizations) and set clear, measurable targets, strategies and funding dissemination priorities aimed at meeting the most critical needs identified in those assessments. These should be incorporated with appropriate action steps in the Strategic Plan section.

2. **Expand Evaluation of Prior Performance and Align it with AAP and CAPER**

The current "past performance" section of the Consolidated Plan discusses the five federal programs administered. We recommend that the Consolidated plan expand the "past performance section" to include a detailed evaluation of performance on the affordable housing goals, actions and metrics identified in the Strategic Plan section (see section one above). This should include an evaluation of expenditures of state housing funding and whether these and the federal expenditures advanced those goals and metrics and ultimately reduced housing insecurity in Connecticut and expanded our affordable housing stock in a manner consistent with the needs demonstrated in the most recent housing needs assessments.

As we noted in these recommendations, this working group is very conscious of limited capacity at DOH and the need for more staff to implement a comprehensive housing planning process. Many other states that complete Consolidated Plans intertwine their Consolidated Plan with HUD-mandated Annual Action Plans (AAP) and Consolidated Annual Performance and Evaluation Reports (CAPER). DOH could do the same.

National best practice in bridging the Consolidated Plan, AAPs, and CAPERs together uses the following process:

1. Use expanded Needs Assessment in recommendation 1 to set five-year goals;
2. Tie Annual Action Plan to five-year goals, with concrete numeric annual targets;
3. Use CAPER to evaluate success or failure in reaching AAP goals;
4. Use final CAPER before Consolidated Plan submission to evaluate five-year goals.

We recommend that the Consolidated plan bridge these three HUD-required documents and expand Evaluation of Prior Performance to include how the investments directed by the plan affected broad housing affordability (as indicated in section 1).

We also recommend DOH look to other states' and nonprofit organizations' evaluation models, for instance those focused on assessing the affordability of units produced, equity outcomes, and quality-of-life improvements.[14]

[14] For example: **Oregon's** recent State Housing Plan sets goals in a number of fields, including affordable rental housing (see p.54). They measure success in terms of homes produced, but also look at resident cost burden and "opportunities for prosperity and self-sufficiency." In addition, they specifically focus on promoting homeownership within communities of color (p.55). Oregon measures statewide housing production goals and requires adoption of Housing Production Strategies. A February 2021 summary report describes the state's approach.

Minnesota's Affordable Housing Plan specifically emphasizes racial and socioeconomic equity goals. It tracks the number of first-time homebuyer mortgages going to BIPOC households, as well as the percentage of new construction rental units that are deeply affordable (see pp.7-8).

Urban Institute maintains an "Outcome Indicators Project" that defines key performance indicators in 14 different program areas, one of which is affordable housing. While some of Urban's categories are tailored to the project-specific context and won't apply at the statewide level, others may be helpful in determining how to measure secondary housing outcomes. For example, measuring "[n]umber and percent of unit/house vacancy" over time could help assess housing stability, not just housing production. Additionally, a metric like "[n]umber and percent of homebuyers/tenants: (a) with low incomes receiving

3. Tailor Plan to Communities

As it is a required federal funding spending plan, the Consolidated Plan is not currently required to address the varied housing landscape of our 169 Connecticut municipalities. The Consolidated Plan (or other state guiding housing policy plan) should create clear guidance and measurable targets goals for affordable housing preservation and development in rural, suburban and urban communities that reflects the attributes unique to each that make housing development ideal or more challenging. This includes the following:

- historic success or failure to permit or facilitate affordable housing development
- local fiscal capacity (including factors like mill rates, grand lists and the availability of flexible municipal resources like local housing funds) environmental concerns (including decreasing vehicle miles traveled and facilitating potential to provide necessary infrastructure and public transportation)
- concentrations of existing affordable housing
- racial, ethnic, and economic segregation
- the current Opportunity Map utilized by the Department of Housing and Connecticut Housing Finance Authority
- support mobility and opportunities for increasing homeownership opportunities, specifically for low- to moderate-income populations
- potential for new transit options as a result of regional planning and interest and/or established infrastructure that would support such expansion.

4. Identify Opportunities and Incentives for Rehabilitation and Preservation

The Consolidated Plan should include specific incentives and/or targets for the rehabilitation and preservation of existing homes and buildings. Where certain funding streams (like HOME) can be used for rehabilitation and preservation, identifying types of locations and housing types ideal for such projects will aid in helping to fold affordable housing resources into existing communities and they assets they already hold. Such opportunities may include converting existing buildings and infrastructure into affordable housing.

Additionally, the Consolidated Plan (or guiding housing policy plan) should incorporate preservation targets for those existing deed restricted units reaching the end of their affordability term. According to PAHRC, nearly 5,000 units per year over the next 5-10

housing subsidies; [or] (b) in minority racial/ethnic/disability groups" could help quantify the Plan's effects on lowering segregation.

years fit this category. Not addressing this risk with existing resources in a focused way could result in significant attrition of our existing affordable housing stock. This will make growing our stock to reach the needs identified in assessments difficult if not impossible.

5. Address Housing Quality and Healthy Homes

Many Connecticut residents live in affordable housing that fails to meet local housing, building or health code standards. The Consolidated Plan should include incentives and identification of places where designated funding streams that support rehabilitation can be used to address these challenges. Where legal/legislative/administrative changes or other funding is needed, the Plan should also make these recommendations for policymakers. Broader state housing policy guidance should also identify state and local funding resources, including grants, for this purpose. Many privately owned multifamily homes require upgrades and improvements to meet minimum code requirements. Where low rents and housing values result in little to no support from private financing for such repairs, government funding may be necessary to ensure basic housing quality.

Improving the quality of Connecticut's small multifamily housing (SMF) should be given specific attention. Many of Connecticut's low-income renters live in SMF that is considered naturally occurring affordable housing (NOAH), or housing that is affordable without subsidy. SMF is oftentimes more affordable to low-income renters due to age, condition, square footage, and lot size. Connecticut's SMF stock is aging, resulting in a disproportionate number of low-income households that occupy lower-quality housing that is more likely to contain pollutants and hazards, including lead paint, mold, and asbestos. Lead poisoning, in particular, is greatest in much of Connecticut's SMF due to the age and condition of much of this stock. Most of Connecticut's SMF was built before lead paint was banned in 1978.

6. Non-Funding Housing Strategies and Alignment with Outside Actors and Plans

The Consolidated Plan could and should go beyond funding implementation goals and be a better vehicle for housing planning in the state. This includes taking into account the items identified in sections one through five of these recommendations. By creating a better plan for housing in a way that is responsive to supply and demand and takes into account more actors outside of DOH and HUD, the state would have a better opportunity to truly address housing needs in a comprehensive, collective way that meets the needs of residents and municipalities. While we understand that DOH cannot be held accountable for the actions of all outside actors, evaluating progress on the Consolidated Plan will necessarily involve taking into account where investments were successful and where other factors (identification of outside financing, developer challenges) mean that the Plan outcome was not reachable and should be reconsidered in future plan developments. Where legal and administrative changes would address such hurdles, such changes should be identified.

Currently, there are many actors in the affordable housing space including DOH, CHFA, municipalities, public housing authorities, private developers, philanthropic foundations,

CDFIs and lenders, Councils of Government, nonprofit and community development groups and many more. For the most part, they operate independently of one another, or in small groups driven by the varied funding mechanisms and priorities of a multitude of different programs – state, federal, local, private, philanthropic, etc. Creating a strategic state plan for housing action (or including this within the Consolidated Plan) that incorporates these varied resources and actors and attempts to create a more unified, organized, specific and goal-oriented direction for that spending and development will help Connecticut achieve its housing goals and meet the needs of the hundreds of thousands of households currently experiencing housing insecurity.[15]

Additionally, the goals and strategies identified in the Consolidated Plan or other housing plan, should be incorporated in a comprehensive statewide planning framework, such as the State's Conservation and Development Policies Plan. As a land use issue, housing must be viewed in the context of other complimentary and competing objectives around economic development, transportation, public infrastructure, resiliency and resource preservation, among others. Other state agencies, and actors in the land use realm, need to be cognizant of both the funding and non-funding housing strategies of the state to find opportunities for integration or to avoid conflicts with other land use objectives.

Incorporating recommendations for non-funding strategies such as up-zoning (changing zoning to allow for more and denser housing to be built) should be considered as part of a larger housing plan. Connecticut ranks 48th in new building permits per capita[16], meaning we build less new housing than nearly any other state, and housing costs here are some of the highest in the nation. Our slower economic and population growth are intertwined with our insufficient housing supply. Decades of exclusionary zoning practices and large lot, single family home development has resulted in a housing landscape that is short on rental options and unaffordable and inaccessible to many low-income families. Expanding the supply of housing options will help to alleviate market pressure and expand housing options for low-income families.

7. Incorporate Input from People with Lived Expertise

The planning and development of the Consolidated Plan should intentionally include input from people with lived expertise (PWLE) of homelessness and housing insecurity. In order to develop housing that is truly representative of the choice and needs of those it is serving, PWLE must have meaningful and purposeful opportunities to inform and shape all levels of planning and implementation as they are the most impacted in decision-making and goal-setting processes like the Consolidated Plan.

[15] For example, RiverCOG recently completed a Regional Housing Plan that makes a recommendation for a Regional Housing Commission to encourage towns to work together to address housing issues.
[16] 2021 Building Permits Survey > Data Visualizations (census.gov)

PWLE who participate in this process must be adequately supported and compensated for their time and expertise in addition to covering ancillary costs such as technology and transportation. Such support should include, but not be limited to:

- offering orientation, training, and overview of the housing landscape in Connecticut
- planning time to ensure participants have appropriate context and clear instructions,
- flexible meeting times
- engaging in conversations with PWLE about what they might expect in the process, discussing the agenda and schedule, and answering any relevant questions
- ensuring the information provided is free of jargon and clearly written. If needed, providing a glossary or background documents as orientation

V. Conclusion & Summary of Recommendations

As a result of several group meetings, extensive discussion, and review of relevant statutes, Code of Federal Regulations as it relates to the Consolidated Housing Plan requirements (24 CFR Part 91), the now-discontinued Connecticut Department of Economic and Community Development 2010 State Long-Range Housing Plan, the existing 2020-2024 State Consolidated Plan for Housing and Community Development (the "Consolidated Plan") and its process for development, **the Working Group emphasizes the need for a broader, more comprehensive guiding state housing policy doctrine that applies to all housing and community development funding – state and federal.**

The Working Group recommends accomplishing this by either incorporating the seven elements outlined in this report as part of the Consolidated Plan beginning with the 2025 plan or incorporating these elements into a broader guiding state housing plan document like the former State Long Range Housing Plan produced by DECD in 2010.

Summary of Working Group's Recommendations:

1. The state should **Require Biennial Housing Needs Assessments Every Five Years and Incorporate Findings** by setting clear, measurable targets, strategies and funding dissemination priorities aimed at meeting the most critical needs identified in those assessments.
2. The Consolidated Plan should be **Tailored to Communities**, creating clear guidance and measurable targets for affordable housing preservation and development in rural, suburban and urban communities that reflects the attributes unique to each that make housing development ideal or more challenging.
3. The Consolidated Plan must **Identify Opportunities and Incentives for Rehabilitation and Preservation** of existing homes and buildings. Additionally, the Consolidated Plan should incorporate preservation targets for those existing deed restricted units reaching the end of their affordability term.
4. The Consolidated Plan should include incentives and identification of places where

designated funding streams that support rehabilitation can be used to **Address Housing Quality and Healthy Homes**.

5. The Consolidated plan should **Expand Evaluation of Prior Performance** to include a detailed evaluation of performance on the affordable housing goals, actions and metrics consistent with recommendation 1 above.
6. The Consolidated Plan could and should go beyond funding implementation goals and be a better vehicle for housing planning in the state by incorporating **Non-Funding Housing Strategies** and contemplating outside actors and plans.
7. In order to develop housing that is truly representative of the choice and needs of those it is serving, the planning and development of the Consolidated Plan should **Incorporate Input from People with Lived Expertise** of homelessness and housing insecurity.