

HousingInCT2015

The Latest Measures of Affordability

480

Chronically homeless individuals housed from Jan-Sept 2015.²

6th

CT's national ranking in median monthly housing costs.⁴

26%

Renters making less than 50% median income and spending more than half on housing.⁴

2nd

CT's ranking in income inequality among the 50 states.⁴

151

CT municipalities with Real Property Grand Lists that fell from 2008 to 2013.⁵

Housing in Connecticut in 2015 is a double-edged sword: muscular efforts by state leaders and housing advocates have produced measurable progress, but nagging housing price and supply problems continue to burden hundreds of thousands of households across the state.

The findings of *HousingInCT2015* are significant and sober. Gov. Malloy and the General Assembly are making nation-leading progress ending homelessness and building more affordable units:

- In 2015, Connecticut became the first state to end chronic homelessness among veterans,¹ a major step toward ending all homelessness among veterans.
- The number of households using emergency shelter has declined,² and the state has supported efforts to assist youth and rapidly re-house families experiencing homelessness and connect families exiting homelessness to secure jobs.
- Resources provided by Gov. Malloy and the General Assembly have resulted in thousands more affordable units today than five years ago in Connecticut.³

However, Connecticut housing costs continue to increase, remaining among the nation's highest.⁴ The supply of housing that is affordable and available to working-class households continues to fall well short of demand, particularly in locations where high-resource schools, jobs and abundant services are available.³

- As a result, half the state's renters and 34% of its homeowners remain "burdened" by housing costs, paying 30% or more of their income for housing,⁴ leaving little for necessities such as transportation, food, health care, etc.
- Without a steady supply of housing affordable to a spectrum of incomes, Connecticut's rising wealth disparity, the nation's second highest,⁴ is driving safe, secure homes out of the reach of more and more households.

Still, those findings should not be allowed to overshadow the state's notable successes. The story of Housing in Connecticut in 2015 is one of commitment, dedication and momentum.

HOMELESSNESS: MOMENTUM

There were many signs of progress this year:

- a 4% decline in households, an 11% decrease in the number of families and 12.5% decrease in children utilizing emergency shelters and transitional housing²;
- a new, regionalized Secure Jobs program that aims to connect people moving into housing with stable jobs and supports to maintain employment;
- a new statewide coordinated access system through the United Way's 2-1-1 call center and local Coordinated Access Networks for those needing emergency shelter; and
- coordination of data collection and analysis.

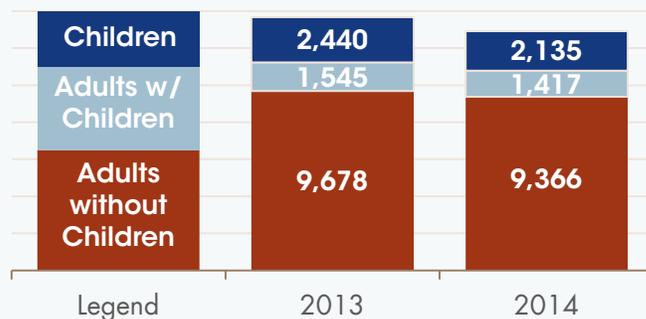
Service providers, housing advocates and state agencies are also participating in a collaborative effort to end chronic homelessness and homelessness among veterans through the national Zero:2016 initiative. Connecticut's first step in achieving these goals was realized in August 2015 when the federal government declared Connecticut the first state to end chronic homelessness among veterans.¹ Because of these focused efforts, veterans who have experienced chronic homelessness now have housing or are on a path to permanent housing.

Collaborative efforts are also underway through Zero:2016 to end all chronic homelessness in the state. Using data gathered by local communities and service providers, it is estimated that approximately 1,100 chronically homeless individuals will need to be housed by the end of 2016.² As these individuals are housed - 480 were housed from January through September² - communities are building systems to meet future needs, with state and federal agencies providing significant resources.

A statewide action plan to end youth homelessness also was announced in the spring of 2015. This followed on the heels of the implementation of Connecticut's first count of homelessness among

While 5% fewer people used emergency shelter and transitional housing in 2014 compared to 2013, significantly high numbers of men, women and children continue to experience homelessness in Connecticut.

Number of People Experiencing Homelessness Served by Transitional Housing and Emergency Shelters in Connecticut, 2013 & 2014



Source: CT Homelessness Management Information System Data, provided on the federal fiscal year.

youth, which indicated that approximately 3,000 under 25 years old experience homelessness or housing instability each year.²

AFFORDABILITY: PROGRESS, CHALLENGES

The unprecedented support for affordable housing creation provided by Gov. Malloy and the General Assembly has resulted in thousands of new affordable units, with a focus on both large cities and smaller towns seeking to broaden their stock of affordable choices. Many more units are being built that are walkable to amenities and close to transit, increasing access to employment and opportunity. Including affordable units into market rate developments furthers economic integration and capitalizes on market demands for multi-family housing, the highest since 1987.

By November 2015, the Department of Housing had created 1,815 units, 1,176 of them affordable. Over the 4½ years of the Malloy administration,

90% of families who used emergency shelters and transitional housing in 2014 included a young child (0 to 5 years old) in the household.

Homelessness Among Families (Adults w/Children) in Connecticut, 2014

1,260 Families used emergency shelter and transitional housing

128 Families with child(ren) age 6+ only



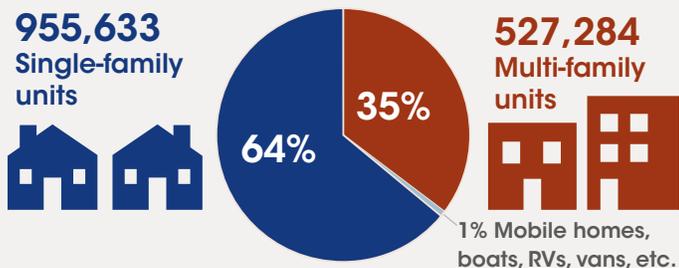
841 Families headed by someone 25+ years old with 0-5 year-old child(ren)

291 Families headed by 18-24 year-old with 0-5 year-old child(ren)

Source: CT Homelessness Management Information System

64% of the state's housing stock is comprised of single-family homes with 35% multi-family.

Single-Family and Multi-family Housing Units in Connecticut, 2014



Source: 2014 American Community Survey 1-Year Estimates

the Department has created 7,993 units, nearly all of them – 7,084 – affordable.³ The Department reported another 3,041 under construction, nearly 85% of them affordable, and continues to offer new funding from the \$184 million made available in the new biennial budget. The result has been an increase in affordable units statewide to 168,655, or 11.3% of all homes in the state.³

There remains more to do, however. Renters “severely burdened” by their housing costs – earning less than half the median income and spending more than half of that income on housing – remained dangerously high at 26% in 2013,⁶ leaving them one unplanned expense from homelessness. The share of all households “burdened” by their housing costs – spending more than 30% of their income on housing – remained at 37%, but burdened renters rose to 50% from 49% the previous year.⁴

Median home values remained the 8th highest in the nation, little changed at \$267,200,⁴ while median monthly housing costs remained 6th highest.⁴ Statewide, 10% of the housing stock is affordable in only 32 of Connecticut’s 169 municipalities³ and Connecticut’s “housing wage” – the hourly pay needed to afford a typical 2-bedroom apartment in the state – rose to \$24.29/hour in 2015 from \$23.02 a year before, the 8th highest in the nation.⁶

RENTAL HOUSING: CONTINUING DEMAND

The number of renting households grew to 455,778 in 2014 from 451,382 in 2013, although the percentage of households renting remained at 34%.⁴ In 2007, only 30% of Connecticut households rented.⁴ The average household size fell to 2.57 in 2014 from 2.6 in 2013,⁴ indicating that job creation and lower unemployment may be

influencing household formation and, as a result, greater demand for rental units across the state.

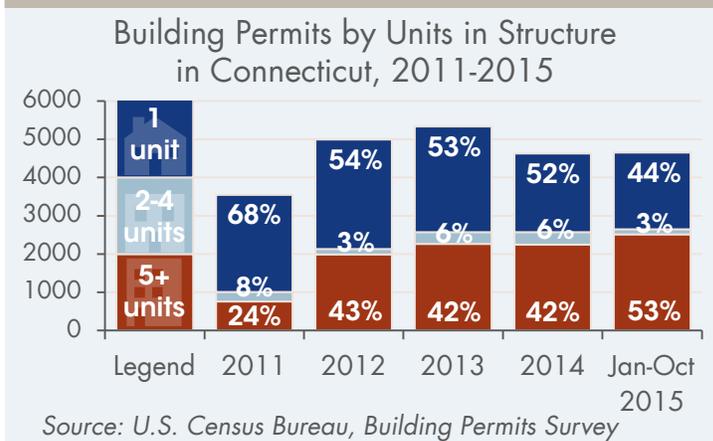
Rental unit construction also grew, with permits for multifamily units in buildings of 5 or more units nearly tripling between 2011 and 2014,⁷ reflecting a national trend the Commerce Department reported was the highest since 1987.

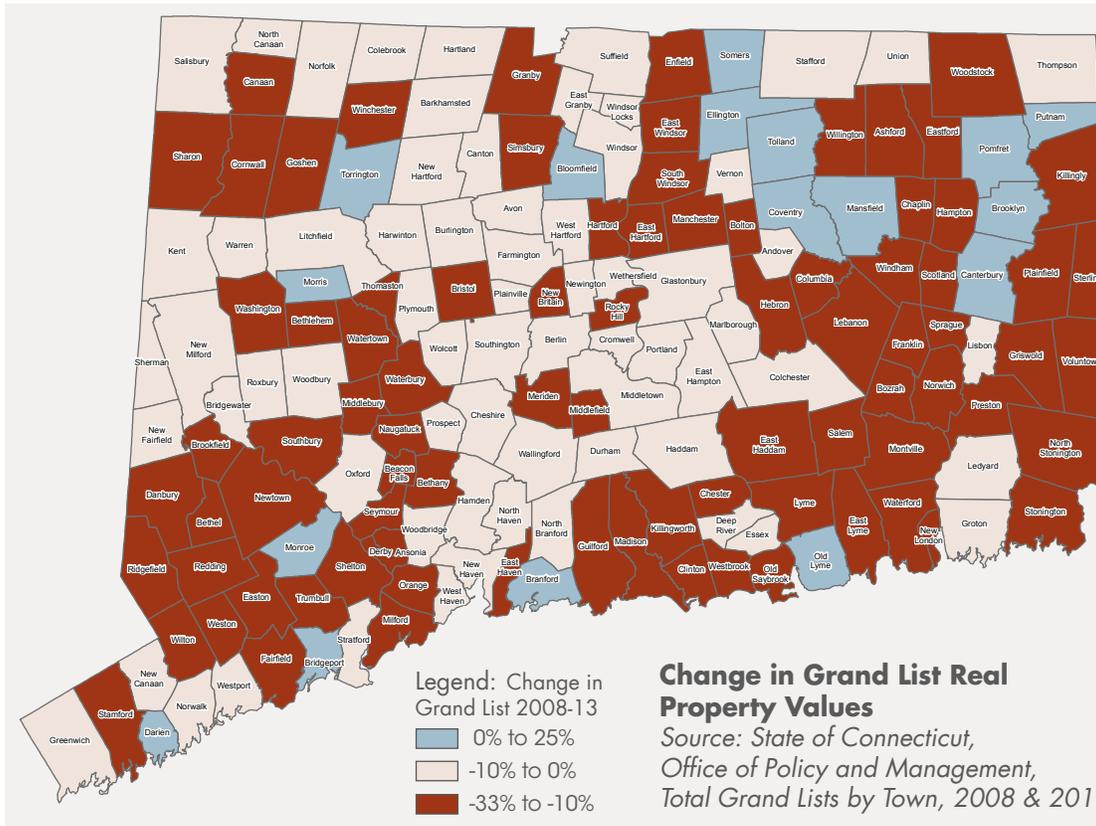
HOME MARKET: SALES UP, PRICES FLAT

Through two-thirds of 2015, the Warren Group reported modest monthly increases in sales, but flat or falling median prices. The number of sales through September was up 14.9% over the same period in 2014, but median sales prices were down 2.3%.⁸ Many municipal leaders, realtors and economists attributed the phenomenon to the increasing inclination of Baby Boomers to sell their homes to recover the equity needed to finance retirement. With a market mismatch – too many sellers, not enough buyers – homes were selling at lower prices.

The market is affected by the financial situation of Baby Boomers with insufficient retirement savings and Millennials - their children - having significant education debt and a disinclination to live in suburban single-family homes. CNBC reported in April that the Insured Retirement Institute found only 27% of Boomers were confident they will have enough money to last through their retirement, down from 33% a year ago, while 6 in 10 reported having no retirement savings at all. Meanwhile, the Wall Street Journal reported 2015 college graduates would have average loan debt of more than \$35,000, up from \$12,000 in 1995.

The housing market is changing, with the share of building permits for multi-family units growing from 32% in 2011 to 48% in 2014.





Real property grand lists - municipalities' total value of taxable real property - have fallen in 151 municipalities between 2008 and 2013,⁵ partly because of weakened demographic/economic demand for the single-family homes that dominate the housing stock in most municipalities.

The Office of Policy and Management reported real property Grand Lists declined or stayed flat in 152 of 169 municipalities between 2008 and 2013, not keeping pace with rapidly increasing service costs and often necessitating budget cuts or mill rate increases.

INCOME INEQUALITY: WIDENING

Connecticut's income inequality, again second highest among the states, continued to widen.⁴ The Gini coefficient – where 0 signifies all have the same income and 1 indicates that a single person has all and everyone else has none – rose to 0.5005 in 2014 from 0.4994 in 2013, well above the national average of 0.4804.⁴ Meanwhile, the share of all income fell for the bottom 40% of Connecticut residents but rose for the top 60%.⁴

THE FUTURE: NEW NEEDS

Moving forward, there is opportunity for progress by investing in:

- Proven ways to end homelessness, such as permanent supportive housing.
- Creation of affordable homes in high-resource municipalities so households have more choices of communities that work best for their families.

- Expansion of Transit-Oriented Development efforts so all households can use mass transit to link to jobs, healthcare and other vital services.

The future of housing affordability will be dominated by the likely demand for smaller, denser, more affordable homes close to services, walkable to town center and near mass transit. The needs of aging Baby Boomers and their Millennial children, for this type of housing will likely have a decades-long impact. But the future will also be impacted by other factors: the state's ability to subsidize housing creation for low- and moderate-income residents, developers' ability to respond to the new housing market, and municipal leaders' ability to develop the capacity and consensus to plan, zone and build to meet those needs.

Sources

1. State of Connecticut Office of the Governor
2. CT Coalition to End Homelessness/CT Homelessness Management Information System
3. State of Connecticut Department of Housing
4. U.S. Census Bureau American Community Survey
5. State of Connecticut Office of Policy & Management
6. National Low Income Housing Coalition
7. U.S. Census Bureau Building Permits Survey
8. The Warren Group

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