

# HousingInCT2016

The Latest Measures of Affordability

## 20%

Decrease in chronic homelessness from 2015 to 2016 <sup>1</sup>

## 6<sup>th</sup>

CT national ranking in median monthly housing costs <sup>5</sup>

## 3.4%

Drop in homelessness since 2015 <sup>1</sup>

## 31

CT municipalities with 10% or more in affordable housing stock <sup>2</sup>

## 49%

CT renters burdened by their housing costs <sup>5</sup>

Housing in Connecticut in 2016 is a tale of two realities: enormous progress that has produced an effective end to veteran homelessness and substantial strides toward ending chronic homelessness, along with thousands of new affordable homes. Yet high prices for housing and cost burdens for hundreds of thousands of households continue.

The findings of *HousingInCT2016* are both stirring and subdued. The 6th year of the Malloy Administration has seen the Governor and General Assembly register notable, nation-leading progress:

- Connecticut became the second state to end veterans' homelessness and remains on track to end chronic homelessness.<sup>1</sup>
- The Department of Housing reported in November that it had produced 1,028 new units in 2016, 929 of them affordable, for a total of 8,572 affordable homes since 2011.<sup>2</sup>
- The 2016 Point-in-Time (PIT) census of homelessness showed a 20% drop in chronic homelessness since 2015.<sup>1</sup>
- Since January 2015, CT has housed more than 1,100 individuals experiencing chronic homelessness.<sup>3</sup>

Yet, slight improvement in both wage disparity and Connecticut's ranking in median monthly housing costs was nevertheless outweighed by:

- An increase to \$24.72/hour in the state's housing wage – what a worker must earn to afford a typical 2-bedroom apartment in Connecticut – from \$23.02 in 2014, just two years earlier.<sup>4</sup>
- Virtually no change in the number of households paying 30% or more of their income for housing, officially "burdened" by their housing costs, while a quarter of a million households remained "severely burdened," spending more than 50% of their income on housing.<sup>5</sup>

Release of the United Way of Connecticut's updated ALICE (Asset Limited Income Constrained Employed) Report in the summer of 2016 indicated housing remains a primary barrier to family success. Working individuals and families earning less than the "survival budget" for ALICE comprised 38% of all Connecticut households, up from 35% in 2012. Housing was the single highest monthly cost for individuals and second highest for families, trailing only child care.

Still, the bottom line is positive. Concerted effort led by Gov. Malloy, the General Assembly, housing advocates, developers, and officials in many municipalities have expanded the number of affordable units in Connecticut in 2015 (the latest full-year totals available) to 172,556, a 2% increase from the previous year.<sup>2</sup>

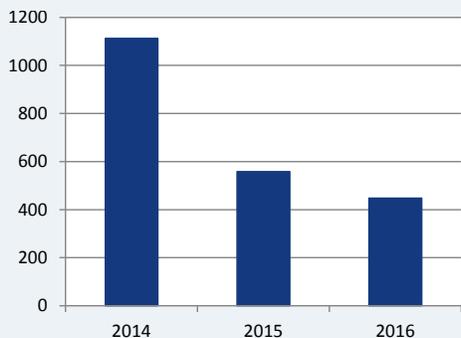
**HOMELESSNESS: Nationally-recognized momentum**

Focused collaboration among the Departments of Housing, Veterans Affairs, Mental Health and Addiction Services, Corrections, Social Services, service providers and advocates made Connecticut a national leader in preventing and ending homelessness. CT was the first state to end chronic homelessness among veterans and the second to end homelessness among all veterans.<sup>1</sup>

As part of the Zero: 2016 initiative to end veteran and chronic homelessness by the end of 2016, the Reaching Home Campaign partners strategically deployed an identification, outreach and triage approach along with a comprehensive array of targeted interventions, including permanent supportive housing and rapid rehousing to help people exit from homelessness to housing. The creation of eight Coordinated Access Networks (CAN) across the state provided a critical system for ensuring that episodes of homelessness are rare, brief and non-recurring. More than 1,100 individuals experiencing chronic homelessness have been housed since January 1, 2015.<sup>3</sup>

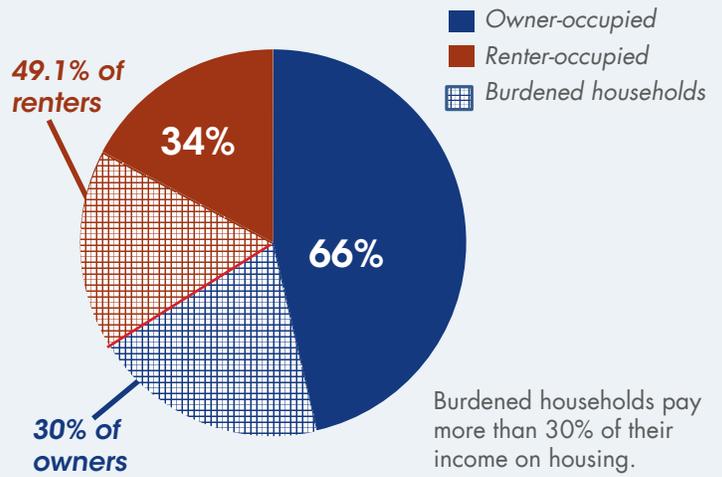
As a result, the annual Point-In-Time census of chronic homelessness declined 20% (Fig 1). The decline in overall homelessness was equally significant, down 3.4% from 2015 and 13% from 2007. State officials, providers and advocates are also laying the groundwork for ending family and youth homelessness by the end of 2020. More than 3,000 unaccompanied youth and young adults are estimated to be homeless. Meanwhile, 828 children – a fourth of all occupants – used shelter or transitional housing on the night of the 2016 Point-in-Time count.<sup>1</sup>

**Fig 1. Number of Chronically Homeless Adults CT Point-In-Time Counts, 2014-16**



Source: Connecticut Point-In-Time Counts, CCEH report

**Fig 2. Owner-occupied vs Renter-occupied: Percent of Households that are Housing-Cost Burdened**



Source: 2015 American Community Survey

**HOUSING AFFORDABILITY: Progress, but still pricey**

The Malloy Administration’s efforts to preserve and add to the state’s stock of affordable housing did not let up in 2016. Gov. Malloy and the legislature provided yet another \$30 million annual installment for upgrading and preserving the state’s public housing portfolio. Meanwhile, by November 2016, the Department of Housing brought its six-year total of affordable housing units to more than 8,500 created with more than 3,000 under construction.<sup>2</sup>

The 172,556 affordable units by the end of 2015 represented a 2% increase from the previous year.<sup>2</sup> And while the Census Bureau reported that median monthly housing costs rose 2% from 2014 to \$1,398 – sixth highest in the nation – the median home value of \$270,900 became more competitive, falling to ninth from seventh, despite a 1.4% increase.

Housing burdens remained a major problem. The number of people “burdened” by paying more than 30% for housing fell only slightly to 49.1% of renters (from 49.7% in 2014) and to 30% of homeowners, down from 30.8% (Fig 2). But those totals represented almost half a million Connecticut households. Meanwhile, 26.4% of renters and 12.5% of homeowners were spending more than 50% of their income on housing, virtually unchanged from 2014.<sup>5</sup>

**Fig 3. Ten Most Expensive States by Median Monthly Housing Costs**

		Rank	% Change from 2014
Hawaii	\$1,533	1	3.0%
New Jersey	\$1,500	2	1.2%
Maryland	\$1,440	3	2.5%
California	\$1,438	4	2.8%
Massachusetts	\$1,410	5	5.1%
<b>Connecticut</b>	<b>\$1,398</b>	<b>6</b>	<b>2.0%</b>
New Hampshire	\$1,264	7	2.8%
New York	\$1,255	8	2.0%
Alaska	\$1,251	9	-0.6%
Virginia	\$1,210	10	2.2%
United States	\$1,009		2.2%

*Source: 2015 American Community Survey 1-Year Estimates*

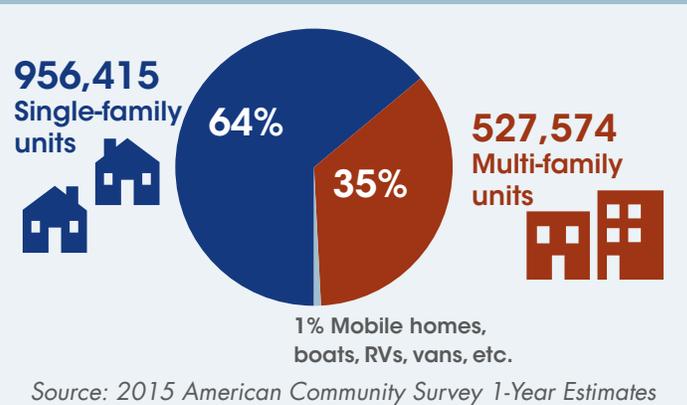
factor that may keep young professionals renting rather than buying. Money magazine reported in 2016 that 45% of Baby Boomers have saved less than \$10,000 for retirement while 61% have saved less than \$100,000. That could move those households to sell their homes at lower-than-hoped-for prices, so they can access their home equity to fund retirements. This may in turn increase the supply of homes for sale and negatively impact the grand lists of many municipalities.

**INCOME INEQUALITY: Slight narrowing**

Connecticut’s income inequality remained second worst in the nation after New York, a gap adding to the housing-cost burden experienced by low- and moderate-income families: like other goods and services, those who can pay more drive up costs. Low- and moderate-income households are faced with the nation’s sixth highest median monthly housing costs (Fig 3).<sup>5</sup>

The widely-used measure of income inequality, the Gini coefficient, registers 0 when all residents have the same income and 1 when one person has all and everyone else has none. Connecticut’s rating was 0.4916 in 2015, down from 0.5005 in 2014 but notably higher than the 0.4817 nationwide.<sup>5</sup>

**Fig. 4. While 2/3 of Connecticut’s housing stock is comprised of single-family homes, 114 of its 169 municipalities are threatened by much higher levels of single-family homes: 70% or more. Demand for these homes has slackened, causing real property grand lists to flatten or fall. That, in turn, may force those municipalities to increase mil rates, reduce services, or both.**



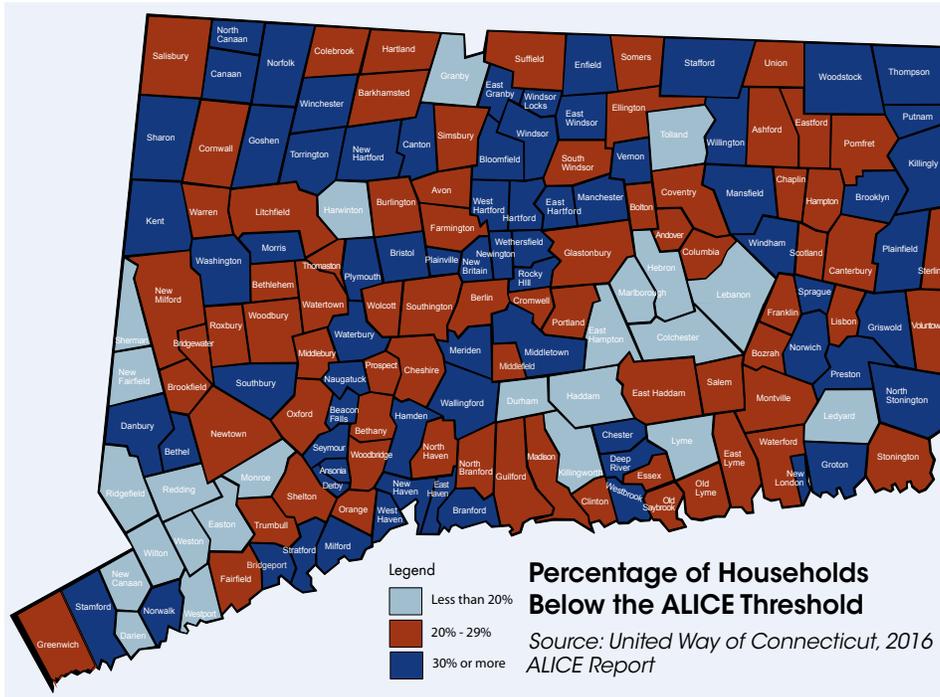
**RENTAL HOUSING: Continuing demand**

Rental housing costs continued to rise under pressure from high demand, which is likely to increase further. The state’s “housing wage” – at \$24.72/hour – remained the nation’s 8th highest but rose from \$23.02 just two years ago.<sup>4</sup>

The price pressure, which also drove median gross rent up 3% to \$1,108/month (10th highest), stemmed from two major factors: (1) the total number of renting households rose to 33.8% from 31% in 2008, and (2) the number of households owning homes fell to 66.2% of all households, or 889,035, down from 69% in 2008 at the height of the housing bubble. In 2014, 900,039 households owned homes. That fall-off in the demand for homeownership has kept grand lists and median home prices flat in recent years, with only modest increases in some regions.<sup>5</sup>

Demand pressure on rental housing appears likely to remain significant, if not increase. Connecticut’s average household size increased to 2.59 from 2.57 in 2015, indicating Millennials were continuing to live with their parents. As economic pressures abate, they may seek their own homes, driving up rental demand and prices.<sup>5</sup>

Meanwhile, LendEdu reported at mid-year that Connecticut students’ average loan debt (\$36,865) was the nation’s highest, another



*Fig 5. At least 20% of the households in 145 of Connecticut's 169 municipalities earn less than the "survival budget" of \$70,788 for a 4-member family and \$22,656 for an individual. Due to childcare and housing costs, their largest household expenses, families are forced to make nearly impossible choices among other necessities such as transportation, healthcare, and food.*

## THE FUTURE: Homelessness and housing markets

Connecticut will almost certainly remain a leader in ending homelessness. Even as homelessness among veterans and those who have experienced chronic episodes is being erased, systems are being put in place to end family and youth homelessness over the next several years. But that will depend on maintenance of the CAN system and continued housing-related services, subsidy and coordination among state officials, advocates and partners.

Increasing attention is likely to shift to prevention of homelessness, housing insecurity and unaffordability through the creation of more affordable homes in more communities. The progress achieved by Gov. Malloy and his administration, the General Assembly and housing advocates has added thousands more units; and more municipalities with high-resource schools, jobs, and other services are supporting the creation of new affordable opportunities. Still, at least 10% of the housing stock is affordable in only 31 communities, limiting the choices low- and moderate-income residents and parents face when selecting which towns, school districts and labor markets work best for their families.<sup>2</sup>

The housing market is likely to have an impact on municipal and state finance, as well. Because the housing stock in 2/3 of municipalities is at least 70% single-family, grand lists are likely to remain flat as demand for single-family homes remains lukewarm.<sup>5</sup> As 2016 entered its final months, the Warren Group reported that, while home sales increased 10.2% through August, the median sales price was down 1.6% statewide, and lower in four of eight counties. The personal finances of Baby Boomers, their Millennial children, and working families are likely to drive up demand and prices of multifamily units, while depressing demand and prices of single-family homes, into the next several years.

State policy to incentivize, subsidize and provide technical assistance for the creation of more affordable homes in more communities will largely determine the range of housing opportunities and options available to families across the state in the near future.

### Sources

1. Connecticut Homelessness Management Information System
2. Connecticut Department of Housing
3. Corporation for Supportive Housing
4. National Low Income Housing Coalition
5. U.S. Census Bureau