Our state’s affordable homes are at risk. Here’s how we can preserve them.

Housing in the COVID Economy

In the current recession, tenants and landlords face a mutual problem: Nobody has money. According to a recent survey, one in four Connecticut tenants are currently unable to pay their full rent. To this point, the federal government has not passed a housing relief package, leaving states scrambling to design their own housing relief programs. Connecticut’s Temporary Rental Housing Assistance Program (T-RHAP) is one such initiative.

The long-term consequences of the rental downturn could be disastrous. Foreclosures and evictions could become widespread. And, much like the 2008 housing crisis, many of the nation’s affordable homes could be permanently lost.

This fact sheet explains why Connecticut’s large supply of small multifamily rental housing is often also “naturally occurring affordable housing” or NOAH, a critical resource to Connecticut’s renters and communities of color.

Affordable Rental Homes

Much of Connecticut’s stock of rental housing is concentrated in small multifamily (SMF) buildings. SMF buildings of 2 to 19 units make up 56 percent of Connecticut’s total rental stock, and rents in these buildings are typically lower than market rate rents in single family homes or large apartment buildings in the same area.¹

Tenants of small multifamily buildings often have lower household incomes than average. In Fairfield County, median incomes for renters in small multifamily buildings range from $31,000 to $41,600. The median renter income for all renters in Fairfield County is $45,100.²

What is NOAH?

Housing advocates and policymakers will often talk about “naturally occurring affordable housing” or “filtered housing.” These terms refer to residential properties that are affordable to lower-income tenants, but which are not subsidized by any government program.

Rents in NOAH buildings are relatively low compared to the regional housing market at large. NOAH units are generally found in older buildings with few amenities and likely more deferred maintenance.

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NOAH: A Resource for Equity

The supply of subsidized affordable housing in Connecticut is inadequate, and high housing costs disproportionately affect people of color. Half of Connecticut renters spend an unaffordable amount of their income on housing. NOAH is an important resource in part because the existing NOAH stock maximizes the amount of private market housing with affordable rents available in low-income communities and communities of color.

Connecticut SMF buildings are more likely found in our cities and lower income neighborhoods. These units are more likely to be rented by people of color and immigrants. Owner-occupied landlords of small multifamily units have lower income than single family homeowners, and are more likely to be people of color. For many Connecticut residents of color, landlording is a way to become small business owners and build up the home equity that people of color in the United States have historically been denied.

The 2008 housing crisis was devastating to people of color, who were disproportionately likely to be the target of subprime lending, and thus disproportionately likely to face foreclosure. The wave of foreclosures fed unnecessary tenant displacement and evictions. We have an opportunity to make sure the 2020 housing crisis does not end in the same way, and to ensure that the racial inequities within our housing system do not widen once again.

Program Study: New Jersey’s Emergency Grants

In August 2020, New Jersey created a small landlord emergency grant program to respond to COVID-19’s impact on housing.

- The total fund is now $25 million.
- Properties with 3 – 30 units are eligible.
- Rents must be affordable at or below 80% AMI.
- One third of funding is reserved for individual or family owners.

New Jersey also had a now-closed $100 million COVID-19 emergency rental assistance program similar to Connecticut’s T-RHAP.

Sources

1. U.S. Census Bureau, AHS 2013.
2. Enterprise Community Partners, Analysis of 2017 ACS PUMS.
3. Urban Institute, Housing Finance Policy Center, Small Multifamily Units, 2020