

Capitol Region Council of Governments

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TO: CHAIRMEN AND MEMBERS OF SELECT COMMITTEE ON HOUSING, AND
THE PLANNING AND DEVELOPMENT COMMITTEE

FROM: DAVID KILBON, CHAIRMAN CRCOG POLICY BOARD
LYLE D. WRAY, PHD, EXECUTIVE DIRECTOR

SUBJECT: SUPPORT FOR RAISED BILL NO. 7149, AN ACT CONCERNING HOUSING FOR
ECONOMIC GROWTH

The Capitol Region Council of Governments (CRCOG) wishes to express its strong support for Raised Bill No. 7149, An Act Concerning Housing for Economic Growth.

CRCOG is the regional planning organization serving the City of Hartford and the 28 surrounding suburban and rural communities. The CRCOG legislative priorities for 2007 include support for an expansion of affordable housing opportunities as an issue necessary to improve our regional economic competitiveness. The voluntary program proposed through Raised Bill 7149 will provide incentives to encourage the creation of housing affordable to working families, something that is much needed in the Capitol Region and the State.

In Connecticut, housing costs have outstripped wage increase by 3.5 times over the last five years, with housing costs rising by 63.6%, while wages have risen 18.5%. In the Capitol Region, we have seen an even more rapid rise in home sales prices. Between 2001 and 2006, the median sales price of all homes for sale increased by 64.1%. It is also notable that in 2001, only four Capitol Region communities had median sales prices above \$200,000. In 2006, by contrast this number had risen to twenty-four—83% of all towns in the region. A \$200,000 home is out of reach for many households earning \$44,655 or 80% of the regional median income in 2005, for whom an affordable purchase price is estimated to be \$186,000.

These rapid and substantial increases in sales price pose serious challenges to low and moderate-income households wishing to live near their place of employment, as 63% of the Capitol Region's housing stock—and over 80% in suburban and rural communities—is single family. According to the Connecticut Department of Labor, approximately 73% of Capitol Region jobs in 2005 were located outside of the City of Hartford. It is likely that high housing costs contributed to the loss of 2,600 jobs between 2002 and 2005 in the region.

Providing a suitable supply and mix of affordable housing is both a community and regional concern. While an overall increase in sales prices may have positive benefits for a homeowner or a community tax base, it can negatively affect the affordability of homeownership in a community or the region. A rapid or sustained increase in sales prices, which the Capitol Region has experienced over the last five years, can squeeze out potential homebuyers and have a negative impact on the regional economy. Households that are forced to spend an excessive portion of their income on rent or mortgage (defined as 30% or more) are often forced to cut back on other essentials, including health care, nutrition, education, savings, clothing and transportation to maintain shelter.

The incentives provided through Raised Bill 7149 will encourage the production of the moderately-priced housing needed to keep our economy growing and strong. We urge your favorable action on this bill.