



Capitol Region Council of Governments

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DATE: MARCH 9, 2007

TO: SENATOR COLEMAN, REPRESENTATIVE FELTMAN, AND MEMBERS OF THE PLANNING AND DEVELOPMENT COMMITTEE

FROM: MARY TOMOLONIUS, FIRST SELECTMAN, TOWN OF CANTON AND CHAIRMAN, CRCOG COMMUNITY DEVELOPMENT COMMITTEE

SUBJECT: SUPPORT FOR HB 7186, AN ACT ESTABLISHING A HOUSING PROGRAM TO ENCOURAGE ECONOMIC GROWTH

The Capitol Region Council of Governments (CRCOG) wishes to express its strong support for House Bill 7186, An Act Establishing a Housing Program to Encourage 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 7186 will provide incentives to encourage the creation of housing that working families can afford—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, 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.

One of these high-cost communities is my Town of Canton, which had a median sales price of \$325,335 in 2006. I am concerned about the impact housing prices are having on young households wishing to settle Canton, and businesses seeking employees. I am concerned for young, single adults who want to return to Canton after college, but have no reasonable options other than living with their parents. I am also concerned for municipal employees, public safety volunteers, and other service employees who are necessary to maintain a strong and safe community. House Bill 7186 will help towns like Canton create a workable plan to address the affordable housing needs of our community, and the broader region.

We at CRCOG believe that we must address high housing costs in Connecticut, or people will continue to move out of the state, and businesses and jobs will follow. 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 in the Hartford suburbs 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. 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 House Bill 7186 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.