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Date: November 17, 2009

To: W. Michael Regan, Community Development Assistant Administrator

Office of Strategy and Policy, Department of Economic & Community Development

From: Amanda Kennedy, Associate Planner, Regional Plan Association, Stamford, CT

Re: Housing Needs Assessment and Market Analysis

Thank you for the opportunity to comment on the draft Housing Needs Assessment (HNA) and Market Analysis that will form a portion of Connecticut's ConPlan and Long-Range Housing Plan. Although DECD has prepared the report to meet the minimum requirements for Housing Needs Assessments as set by HUD, the report presents an opportunity to provide real guidance to state agencies, MPOs, and municipalities on Connecticut's housing challenges now and in the future. Improvements should be made to the Housing Needs Assessment to provide guidance on housing need by geographic location, unit size and type, and other housing characteristics that reflect the changing demographics of Connecticut households over the next several decades. As Connecticut begins the process of updating its State Plan of Conservation and Development, it will be important to understand the state's changing housing needs so that policies are put in place to meet them. We also anticipate that federal grant programs will place greater emphasis on housing's interaction with employment, infrastructure, and the environment.

The HNA differentiates units as rental or ownership when it should instead be more accurately quantifying housing needs by household size and location. Defining a housing unit only as home-ownership or rental simply describes the legal structure giving a resident the right to occupy a unit for a specific duration. It indicates nothing about the value of the unit, the building type, unit size, or location, and provides little guidance as to the type of

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housing that should be constructed. As the report itself indicates, demand for homeownership units varies as financial structures become available that make home ownership attainable to households with different asset profiles. Households may choose rental or ownership based on their current financial situations and anticipated costs and benefits of purchasing a home. Although traditionally ownership has connoted single-family housing and renting implied multifamily structures, even in Connecticut both housing types are available under multiple ownership structures, and in fact the same unit may undergo conversion from rental to ownership, and vice versa.

The methodology employed by DECD to determine housing needs projections is not fully described in the report. Both the full methodology and the housing model data should be made available to the public. Though long-term housing needs are impossible to predict with absolute confidence, there is a value in tracking demographic trends and their impacts on the housing market. It seems that the population-driven model, in particular, could provide a more useful assessment of housing need by profiling the size of Connecticut's households and their composition, especially as certain demographic groups age over the next several decades. The State should project housing needs at least through the year 2030 to match the population projections developed by UConn's Connecticut State Data Center. In order for DECD's employment-based projections to be useful in the long-term, DECD must take into account the larger share of elderly households expected from the aging baby boomer population. As workers retire, the ratio of workers per household will decline. In some communities by 2030, more than 25% of residents will be over the age of 65, resulting in a large share of non-working households.

A useful descriptor of housing types needed is household size, which can inform programs and policies to support housing development that most efficiently house Connecticut residents. Across all income groups, single adults are likely to compose an ever-increasing share of Connecticut households. As your report noted, 57% of families living in poverty in

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CT right now are single-person households, while only 27% are families of 3 or more (pg 9). The state is not unique in that its large baby boomer population is aging and the 65+ population is expected to grow rapidly. The result is an increase in 1- and 2-person households without children, often past working age. At the same time, a declining birth rate among younger households, delayed marriage, and single-person households increases the number of small households among younger people. If DECD's population-based housing projections consider age and ethnicity of householders in its estimate of housing need, the model should also be able to reveal a profile of the size of future Connecticut households and suggest what services and amenities might best suit their needs. Regional Plan Association's own analysis of Connecticut State Data Center population projections for the Capitol Region Council of Governments region revealed that by 2030, more than half of the region's 18,000 additional households will be non-family singles or roommates who might benefit from multifamily housing close to shopping, medical care, and transportation. A similar analysis should be performed for the state, its regions, and its communities to determine what programs and policies will meet the needs of growing household types.

The Housing Needs Assessment makes numerous references to the difficulties Connecticut faces in attracting and retaining young households, and suggests several reasons for a decline in the 25-34 population, including job opportunities outside the state and a lack of affordable housing. It is important to note that one cause of the decline in this group is the dip in the birth rate that occurred in the late 1970s, which has resulted in fewer residents aging up into the 25-34 year old class than in the past. RPA's research shows that from 1980-2000, Connecticut's employment centers and towns nearest employment centers were most likely to retain or attract young residents, while rural communities and high-cost suburbs lost young people (a map of this pattern is included at the conclusion of this

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document). Targeting affordable and workforce housing in and near job centers may be an effective strategy for retaining and attracting young households.

RPA concurs with DECD in its conclusion that “the affordability problem is more one of critical disequilibria between supply and demand than the individual’s economic ability to afford housing” (34). Housing construction and land use regulations in Connecticut currently fail to respond to the need for smaller, more affordable housing near employment. As the report notes on page 91, housing production in Fairfield and New Haven counties in 2006 met only 70-75% of projected employment-based need, while in the more rural counties of Middlesex, Tolland, and Windham, production outpaced demand by a factor of 2-5 times, and in Litchfield County, employment projections called for only 22 of the county’s 541 units permitted that year. It appears that one of DECD’s two employment-driven housing need methodologies would perpetuate this imbalance, and we urge DECD to adopt policies that support housing growth in and near job centers. As the Draft Consolidated Plan notes, “prioritization of geographies will be critical to the success of this effort. Assessing demand for the specific cities and towns will be critical.” A thorough Housing Needs Assessment should predict the ideal mix of housing types by region so that regional policies can be put in place to enable their construction. A better-calibrated housing policy could:

- a. Address gaps in the housing inventory. As noted on HNA pages 36 and 41, 27% of households in 2007 were single persons living alone but only 13.27% of units are smaller 1-3 room units;
- b. Describe housing needs of smaller households more precisely, supporting the construction of lower-cost, smaller housing units and stretching private, state, and federal housing dollars further;
- c. Plan for housing closer to jobs, to capture more in-county employment and ultimately reduce vehicle miles traveled and associated transportation expenses;

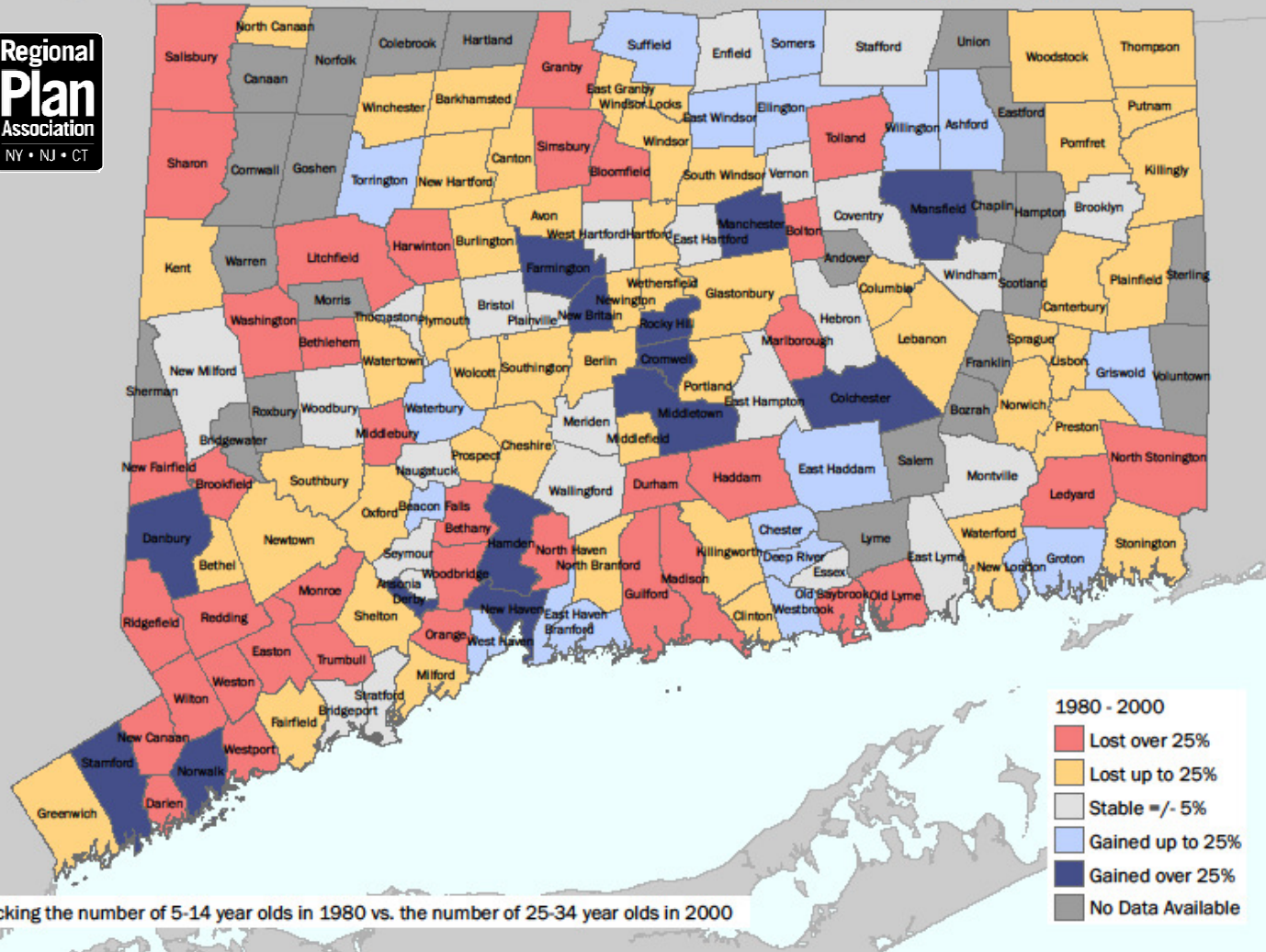
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- d. Quantify the housing and service needs of seniors who will demand a combination of age-appropriate housing and in-home and community assistance;
- e. Assess the need for entry-level housing in amenity-rich communities that attract younger households;
- f. Inform state housing and community development policies, including the upcoming 2012-2017 Plan of Conservation and Development. The HNA report notes that "Changes in zoning and land use regulations alone are not a sufficient policy response to the problem of housing affordability," but they are crucial in enabling the construction of diverse housing types (139).

DECD's Housing Needs Assessment can serve as a roadmap for future state housing policy. The report notes that Connecticut's top ten fastest growing communities are led by Oxford, Sterling, and Hampton: communities least suited to meeting the needs of our state's future households. Without critical information regarding household housing needs, continued overproduction of large lot, single family housing units will contribute to high barriers of entry to homeownership and increased housing maintenance and transportation costs, and ultimately to lower rates of housing production, depreciation and deterioration of single family homes, and strains on municipal budgets dependent on real estate property taxes. We urge DECD to revisit the Housing Needs Analysis to provide the data that can help the State meet the changing needs of its residents.

# Which Connecticut towns are losing young people?



Job Centers and affordable inner-ring suburbs are more likely to retain or attract young residents than are rural communities and those with high housing costs.