



TESTIMONY
of the
CONNECTICUT CONFERENCE OF MUNICIPALITIES
to the
APPROPRIATIONS COMMITTEE

February 8, 2010

The Connecticut Conference of Municipalities (CCM) is Connecticut's statewide association of towns and cities and the voice of local governments - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to provide testimony to you on issues of concern to towns and cities.

CCM urges the Committee to preserve funding to the HomeConnecticut program, an initiative that is a wise investment for the State – and towns and cities.

HomeConnecticut works effectively to increase the availability of affordable housing by allowing towns and cities to create affordable housing that is consistent with each town's character. This incentive-based approach has been proven to work exceedingly well in neighboring Massachusetts.

50 municipalities have already signed up for the initiative – and more would have, if the Office of Policy & Management (OPM) had not suspended applications to the program. Two towns -- Wallingford and Old Saybrook -- have submitted applications to create Incentive Housing Zones and 8-10 more are expected this year.

The rapid increase in housing prices has hurt towns **all over the state**. What was once exclusively a Fairfield County problem has now spread to every corner of Connecticut. A 2005 survey showed **the median household income in 157 of 169 towns could not qualify for a mortgage for the median sales price home**.

Housing affordability is a concern of rural towns, wealthy suburbs, and both small and large cities. Mayors, first selectmen and town/city managers have made it clear that they need a way to increase their range of housing opportunities without raising their costs and further straining the overburdened property tax system.

HomeConnecticut's policy direction is provided by a steering committee consisting of varied parties—affordable housing advocates, the business community, developers, municipalities, nonprofits and others. These entities are sometimes on polar sides of an issue. However, all stand firmly together on the need for HomeConnecticut to be funded in a way that allows it to help meet the housing needs of the people of Connecticut.

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The lack of affordable housing hurts towns and cities in many ways:

- **They can't find teachers, public safety workers, laborers, road crews.** Do we really want our police and firefighters to have to drive a half hour before they can answer an emergency?
- **They can't provide housing for service workers of local businesses.** It used to be that unaffordable towns could draw on workers living in more affordable surrounding towns. Now, those neighboring towns are unaffordable.
- **They can't provide rentals or starter homes for adult children who want to return to live in the towns they grew up in.** Also, elderly residents who don't need a big house or can't afford the taxes on it are trapped in it because there are no downsizing opportunities that are affordable.
- **They have no housing for volunteer firefighters.** Most towns in the state have volunteer fire departments but usually only young, blue collar workers volunteer, not older or wealthier town residents. Towns also can't find volunteers for local boards and commissions.

HomeConnecticut has several innovative components – components that have helped ensure its success with towns and cities. Foremost is its flexibility, coupled with accountability.

First, the initiative is voluntary in nature. Towns and cities may elect to participate in the initiative.

Further, the initiative provides municipalities with the flexibility to create incentive housing zones, determine where such zones will be located, taking into account local character, community input and housing and economic development needs. The initiative also encourages municipalities to work more cooperatively with developers in the pursuit of affordable housing and smart growth, considerably easing the sometimes adversarial relationship that often exists between the two parties.

The initiative contrasts sharply with the affordable housing appeals act, which takes a stick approach. CGS 8-30g will still remain on the books, proving a carrot and stick approach to promote affordable housing.

Importantly, the initiative is a way to foster economic growth -- each multifamily unit's construction brings one-time sales and income tax revenue of \$7,500, each single family unit construction brings \$12,500, and every unit brings ongoing annual state revenue of \$4,000 from the family living inside. Plus, studies show anywhere from 1.3-3.1 jobs created with construction of each unit.

There are other significant fiscal implications: wiping out the HOMEConnecticut appropriation would jeopardize the state's ability to qualify for HOMEConnecticut funding from the federal Partnership for Sustainable Communities, the cooperative HUD-EPA-DOT \$150 million pool available to states and regions that coordinate transportation and housing policy. If the State can't say it has a program in place to carry out the federal program's goals, the likelihood of attracting federal funds is very unlikely.

CCM urges the Committee to continue funding this important smart growth initiative.

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If you have any questions, please call Jim Finley, CCM Executive Director & CEO; or Ron Thomas, CCM's Manager of State and Federal Relations, at (203) 498-3000.