

For the record



**Testimony of the Partnership for Strong Communities
Small Cities CDBG Allocation Plan FFY'10
Before Appropriations, Commerce, Planning & Development Committees
11 a.m. June 30, 2010, LOB**

Honored Chairman and committee members,

I am Diane Randall, executive director of the Partnership for Strong Communities. The Partnership is a statewide housing policy organization that engages civic and political support to solve homelessness, create affordable housing and develop strong, vibrant communities. Thank you for providing this opportunity to comment on the proposed CDBG Allocation Plan. Your committees have led the way to greater understanding of housing's importance and how housing policy and effective tools can help solve many other problems, from homelessness to sprawl to economic stagnation.

Because the Allocation Plan is designed to dovetail with the priorities of the state's draft Consolidated Plan for Housing and Community Development, we want to reiterate our support for a key thrust of the ConPlan: that the state use discretionary grants and other support, such as Small Cities CDBG, as incentives to foster creation of housing that is affordable, safe, secure and appropriate for the workers, families, young professionals and elderly residents who desperately need it.

The allocation plan says the primary statutory objective of the CDBG Program is to "develop viable communities by providing decent housing, a suitable living environment and by expanding economic opportunities for persons of low and moderate income." Given that objective, we believe the roughly \$14.6 million available to the state be used to either:

- directly foster housing activities by paying for housing reconstruction and rehabilitation or acquisition of real property for affordable housing creation
- indirectly foster housing creation by paying for related expenses such as public works facilities, code enforcement, fair housing education and counseling and related economic development assistance, or
- use the Small Cities grants to incentivize municipalities that foster the affordable housing-related economic development, transit-oriented development, higher density smart-growth land-use and zoning or other municipal decisions that advance state goals. For example, the new federal Sustainable Communities Initiative collaboration between HUD and DOT will offer \$75 million in Tiger II

grants and other funds to towns that plan housing near transit. Small Cities CDBG grants can help leverage those funds or augment new investment.

First, a word about affordable housing options. We need more of them. Many believe that the recession, mortgage-foreclosure crisis, and downturn in housing prices has solved our affordability problem. That is not true. While national housing prices fell more than 30% on average and more than 50% in some of the housing markets in such states as California and Florida, our housing prices fell about 23% from the peak in the final quarter of 2006. They have already begun to rise – close to 6% in the first four months of 2010. Most of the decline was in the upper half of the market; homes selling for \$300,000 or less lost very little value. Meanwhile, rental prices – particularly those at the lower half of the spectrum – have continued their climb. The state's housing wage – what one must earn an hour to afford a typical 2BR apartment – has grown from \$14.50/hour in 2004 to \$23 in 2010, an average wage lower than 337 of 683 Connecticut occupations. Since 2010, the fair market rent in Connecticut has risen 52%.

The reason, simply, is supply. Over the decade, Connecticut is 47th in the nation in units built per capita, and what we have built is not much of what we need: virtually no affordable rentals, condos, townhouses and starter homes. Because of the shortage of supply of affordable and modest market-rate housing, we will see prices shoot up quickly as demand and the availability of credit increases.

Not only has that shortage helped drive young workers out of state, leading to flat population growth and virtually no growth in skilled and educated labor force, but it has sapped Connecticut state revenue growth. Simply put, Connecticut must grow its economy and population. We know how to grow responsibly, and we must grow jobs too. But we have to create the housing and supportive infrastructure to accommodate that population and job growth. CDBG funds should be used for that purpose – either directly, indirectly, or as incentives to municipalities that foster that growth.

One more word about use of Small Cities CDBG funds. As you, Sen. Harp, and the rest of you know – because you have been leaders in the fight to end chronic homelessness – we have made great progress in Connecticut. We have created more than 4,400 units of supportive housing in over half the communities of the state. We have helped once-chronically homeless men and woman find new lives, get back to work and schools and, I might add, onto the tax rolls. But family homelessness, in the cities AND the suburbs, is increasing. We have not yet won the fight against homelessness. **By using CDBG funds to foster affordable housing creation, you can prevent homelessness. But you can also use it to help create supportive housing, thereby erasing homelessness, too.**

In conclusion, you are in an important role. We can no longer afford the luxury of giving out grants to towns because individual projects seem like a good idea. We need to coordinate policy, and use the limited grant money we have to mesh several policy goals and incentivize the state policy we support. We need to kill two or three birds with each stone. We need to encourage towns to make municipal decisions that foster important state goals. Creating housing that is affordable, safe and secure, I think you'd agree, is among the most important.