



**Submitted Testimony of Howard Rifkin on behalf of the Partnership for Strong Communities
before the Finance Revenue and Bonding Committee – March 7, 2011 – Senate Bill 1008**

Sen. Daily, Rep. Widlitz, Members of the Finance Committee:

My name is Howard Rifkin. I am the interim executive director of The Partnership for Strong Communities, a statewide housing policy organization that works to end chronic homelessness, advocate for the creation of affordable housing and develop strong, vibrant communities. I have worked with many of you in the past when I served as deputy state treasurer the past twelve years.

I am here today to strongly support Gov. Dannel Malloy's proposed capital budget for housing creation as part of Senate Bill 1008 (Sections 8-11). The reason, in a word, is jobs.

Gov. Malloy's proposal -- \$100 million over the biennium for creation of affordable housing, \$50 million in each year, and an additional \$30 million to create 150 new units of supportive housing -- is the most sweeping capital investment in housing since the late 1980s. The Governor understands that there is a direct connection between housing development, jobs, economic activity and opportunity.

How does a \$130 million investment create jobs, economic activity and opportunity?

The Department of Economic and Community Development, in a recent report on the \$57 million in Housing Trust Fund spending since 2006, said it has leveraged \$519 million in other resources for housing development and created 2200 units of housing, which doesn't take into account the economic multiplier effect. In fact, economic studies support the conclusion that for every dollar spent in housing construction, there is an additional \$10 to \$12 in economic activity that ripples through the economy.

The job creation numbers are just as good -- 800 to 2,600, according to CHFA, for every \$75 million invested, depending on how it's leveraged -- and the state revenue estimates are equally impressive: \$7,400 in sales and income tax when a multifamily unit is built, \$12,000 when a single-family unit is built, and nearly \$4,000 annually for any unit once it's occupied, according to work done through the Boston Foundation.

The opportunity comes from answering the question: Who needs the housing? That is, unfortunately, all too evident:

One out of four renters in Connecticut earns 50% of median income or less and spends half of that on housing. A third of homeowners have to spend more than 30% of their income on housing. They don't have much left to spend on other essentials of daily living. Meanwhile, almost half the occupations in Connecticut offer average pay that's less than what's needed for a typical 2-BR apartment. While 65% of the homes in the state were valued under \$200,000 in 2000, now fewer than 24% are today. We've lost our young people as a percentage of our total population-- a greater loss of 25-34-year-olds than any state since 1990. While the reasons for that are multi-layered, it should not be lost on policymakers that the state median income won't qualify for a house in 94 of our 169 municipalities.

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As part of his Capital budget, Governor Malloy has proposed spending \$30 million of the \$130 million to create an additional 150 units of housing with support services for chronically homeless individuals and families. Studies have shown that supportive housing is both cost effective and leads to better long-term outcomes for those experiencing chronic homelessness. And Connecticut is recognized as a national leader for its efforts on supportive housing. With an average cost of \$54 per day per person, supportive housing is far less expensive than alternative forms of institutional care frequently used by homeless individuals experiencing behavioral health needs, such as prisons (\$183 day/person), nursing homes (\$218 day/person), inpatient detox (\$588 day/person), hospitals (\$1,089 day/person) or inpatient psychiatric care (\$1,187). Supportive housing has the added benefit of providing those living in it with a stable environment that improves their health and employment outcomes.

As the Governor told the General Assembly, "our state's budget can make the difference between hunger and hope for a family on the brink of homelessness."

Governor Malloy understands that \$100 million invested in affordable housing production over the next two years can not only create jobs and economic growth but can provide housing opportunities that support the critical development of workforce housing, address the concerns of that high housing costs are a barrier to recruiting and retaining employees, promote transit-oriented development, preserve thousands of existing affordable housing units that are in peril because there have been little or no capital reserves to keep them habitable.

Those capital investments are more important today than ever. Proposed reductions in federal housing aid would reduce HUD's public housing capital funding and Community Development Block Grant Funding that has been devoted in large measure to housing rehabilitation and creation.

Housing alone will not be the answer to creation of a strong economy and new jobs. But it is the foundation from which we can build vibrant communities and a future of opportunity for all of our citizens. Governor Malloy gets that, he practiced it in Stamford as Mayor and is bringing that vision and leadership to our State. We strongly support his proposal and we respectfully ask all of you to support it as well.