

Name: Roger Senserrich

Title: Policy Director

Organization or Agency: CT Working Families

Topic: HB06633 - AAC A NEEDS ASSESSMENT AND FAIR SHARE PLANS FOR MUNICIPALITI...
Supports

Testimony:

Senator Moore, Representative Luxenberg, and members of the housing Committee, thank you for this opportunity to testify today.

My name is Roger Senserrich, and I live in East Haven. I am the Policy and Communications Director at Connecticut Working Families. I testify today in support of H.B. 6633, an Act Concerning a Needs Assessment and Fair Share Plans for Municipalities to Increase Affordable Housing.

Connecticut is facing a housing crisis for both renters and owners. According to census data, even before the pandemic close to half of renters in Connecticut were considered cost-burdened: they were paying more than thirty percent of their income in rent. More than a quarter of renters were paying more than half of their income in rent (1). With Connecticut rents increasing by double digits in the state for the past two years (2), the share of working families struggling to pay rent has certainly increased, with no relief in sight without action from the state legislature.

Housing prices paint a similar picture. Average home values in Connecticut are at a historic high, even surpassing the prices of the 2008 housing bubble. These increases have not been limited to Fairfield County but have hit across the state; cities like Waterbury or New Haven have seen some of the largest hikes (3). Buyers today face an even steeper climb to purchase a new home, as rising interest rates have made mortgages less affordable.

At the core of these rising prices there is a simple fact: Connecticut is not building enough housing. For all the talk of a housing boom these past few months, our state ranked 49th out of fifty in residential construction permits per capita in 2021, only ahead of Rhode Island (4). This is not a new development; Connecticut also managed to be second to last from 2015 to 2020 (5). Monthly new housing permits started to decline in our state around 2005, even before the Great Recession, and have never recovered since. (6).

This is not due to lack of demand. Housing costs in Connecticut are 48% higher than the national average, a clear sign that people want to move to our state and live here. We have just collectively decided, as a state, not to let supply meet demand and allow prices to increase. As a result, Connecticut working families struggle to afford to pay their rents or mortgages, and with the vast majority of Connecticut's affordable housing stock restricted, to a small number of cities and towns, thanks to widespread exclusionary zoning practices of many municipalities, we have become one of the most economically and racially segregated states in the country.

This has a considerable impact on opportunity in our state. Concentrated poverty and economic segregation are strongly associated with lower social mobility (7). Our housing policy is not just making our state unaffordable for many but denying them the opportunity to thrive.

No wonder why, faced with these challenges, quite a few families just decide to leave. Unlike narratives in the media about the wealthy leaving, in fact the vast majority of Connecticut residents leaving the state make less than \$75,000 a year (8), and the most common reason behind the decision to move to another state is housing affordability.

The impact of high housing costs goes much further, however. Lack of affordable housing has become a

real drag on broader economic growth. Connecticut has barely added any jobs since 1989, mostly because of our dismal population growth. It is really hard to generate economic activity without adding more jobs, and it is exceedingly difficult to add more jobs if you do not have any additional workers to add.

As a result, our stubborn refusal to build more housing creates a hard cap on our economic growth. Businesses cannot find workers, slowing down business expansion. Any new staff they hire needs to be paid higher wages to compensate for our high housing prices, making it harder for them to compete due to higher labor costs. In fact, we can say that most of the wealth and additional income from any of our previous economic expansions have gone to landlords and homeowners, not to wages or income growth. It is Connecticut's very own form of economic redistribution, from those that do not own property to those that do.

Luckily, this is something that can be solved with legislation. We can allow more housing in the state, providing incentives and support to ensure a significant share is indeed affordable. A mixture of zoning reform, additional funds for affordable housing, and careful planning can solve our affordability crisis and help grow our economy.

This is precisely what H.B. 6633 does. The bill will start a process to identify Connecticut housing needs across the state and empower municipalities to find planning and zoning solutions to build it. The bill recognizes the need to expand the supply of new housing at all income levels, so the vast majority of the 200,000 new housing units planned would be built without subsidies, thanks to its focus on inclusionary development. Housing allocation would be defined according to clear, objective criteria, and each town would decide on its own how to achieve their goals. To ensure they meet these goals, H.B. 6633 includes provisions to allow multifamily zoning, as well, in those municipalities that fail to take action.

The legislation strikes a balance between local control and development, preserving municipal authority over land use. It also will ensure that our housing market is more responsive to demand, preventing the current command-and-control economies and harsh supply restrictions. Under the current system of draconian, exclusionary zoning regulations, wealthy towns abuse their authority to block new housing and economic development. If anything, I encourage this committee to be even bolder and proactive in breaking down these regulations, as well as removing barriers for new housing in urban areas not covered under this bill.

High housing prices, low employment growth and a sluggish economy are not inevitable, but a policy choice. I call this committee to support H.B. 6633, and help ensure that everyone in our state has access to affordable housing.

Thank you for your time today, and I'm happy to take any questions.

Source: <https://www.census.gov/topics/housing/housing-affordability.html>

Source: <https://www.ctinsider.com/realestate/article/Why-monthly-rent-has-risen-sharply-in-Connecticut-16835535.php>

Source: <https://www.ctinsider.com/projects/real-estate/connecticut-housing-values/>

Source: <https://www.statista.com/statistics/1240622/new-residential-construction-per-capita-usa/>

Source: <https://www.bigrentz.com/blog/states-with-most-home-development>

Source: <https://fred.stlouisfed.org/series/CTBPPRIVSA>

Source: <https://opportunityinsights.org/neighborhoods/>

Source: <https://ctvoices.org/wp-content/uploads/2022/12/Improving-CTs-FY-24-25-Budget-Report.pdf>