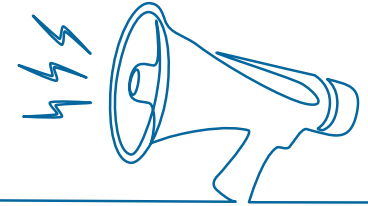




Affordable Housing & Economic Development CCM Public Policy Issue Bulletin



Connecticut faces a diverse set of demographic and economic challenges. Population growth is slowing and employment growth is below national trends in key employment groups. Connecticut residents and businesses face high costs and the impact of residential property taxes on economic development cannot be discounted. The challenge of attracting and retaining highly qualified workers is made more difficult when those families face property taxes that are over twice the national average as well as a lack of diverse housing options.

Corporations considering locating or expanding in Connecticut must also recruit and retain employees. This not a new challenge for the state, in 2015 the Connecticut Tax Panel concluded that the property tax in Connecticut is regressive and that it has a detrimental impact on economic development.

Housing Constraints

The need for an affordable, diverse housing stock is at the heart of economic development. Towns and cities throughout Connecticut have significant potential for accommodating transit oriented, mixed-use development, which includes housing. Transit Oriented Development (TOD) in particular focuses on integrated planning to bring people, activities, buildings, and public space together around a central transit system is part of that effort. The creation of mixed-use development, especially in existing buildings, is an economic multiplier that creates jobs, renovates under-utilized and often blighted properties that, when completed, can spur neighborhood revitalization, increase local grand lists and property values. Incorporating transit and mixed-use development helps towns and cities retain their unique charm and provide the type of housing that is in high demand among younger people as they enter the workforce.

Development in Action

Many municipalities in Connecticut have been successful in leveraging strategic partnerships to create mixed-used development. One recent example is in Essex, a small shoreline town with just under 7,000 residents, which welcomed a new mixed used hous-

ing/retail development -- The Lofts at Spencer's Corner. The Town, in collaboration with the building owner and the HOPE Organization, an organization that is dedicated to developing affordable workforce housing opportunities in Middlesex County and along the shoreline, worked together to make this project a reality. All 17 units that occupy the second floor of the combined commercial condominium development are designated as affordable.

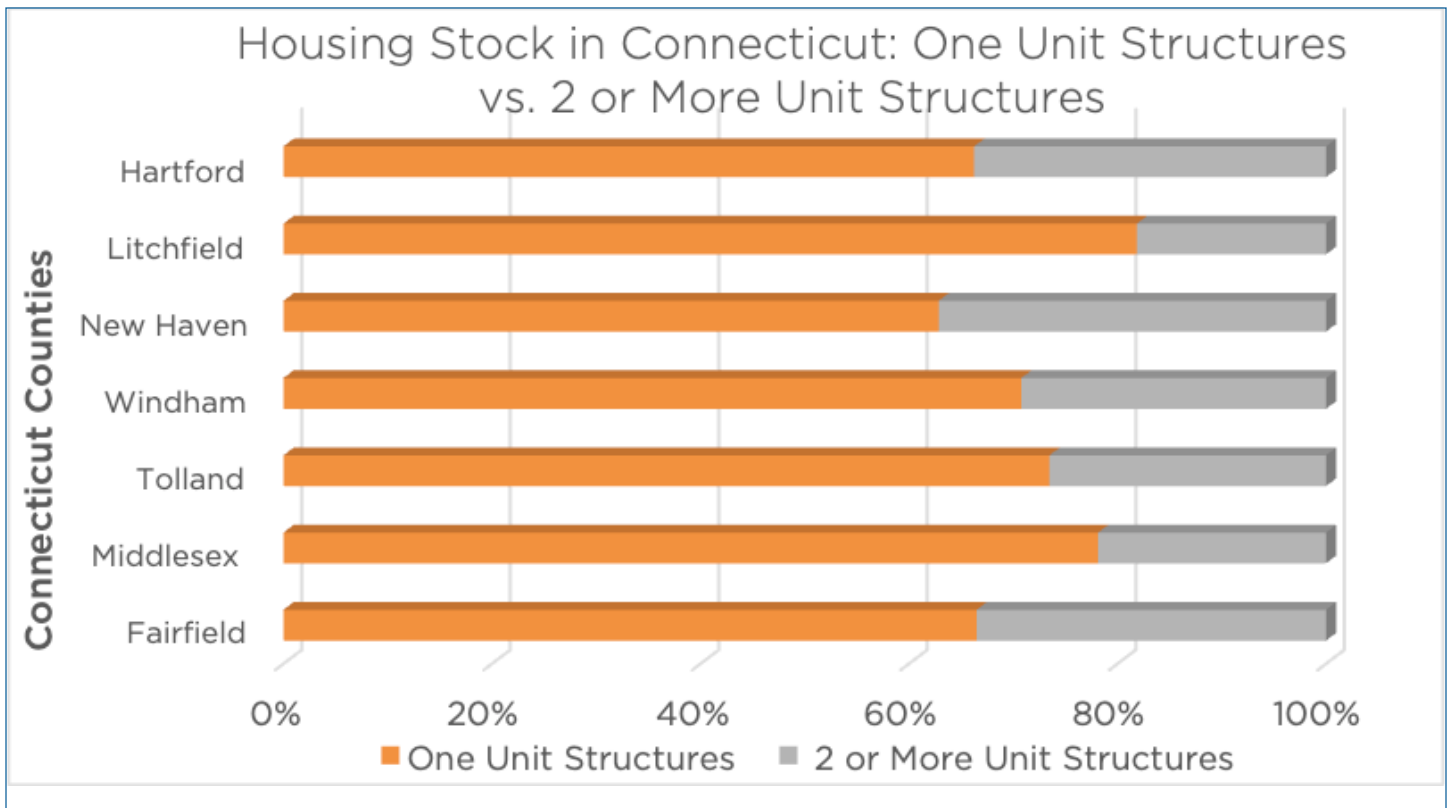
Despite successes like this, current state policies continue to require local governments to be over reliant on regressive property taxes to fund their operations, and state aid is increasingly insufficient and unpredictable, which makes it difficult to fund schools, provide for public safety and maintain vital infrastructure.

Disproportionate Impact

Connecticut's large cities face enormous challenges in housing, social services, and education. Compared to other CT communities they have higher rates of unemployment and homelessness and more students learning English as a second language. These cities also have significant transitory populations, which causes an ebb and flow in providing essential transportation, public safety and public health services.

These cities also serve as a hub for surrounding communities as arts and cultural centers, and in providing health care and other key social services to their entire region. Without adequate funding, these essential services are at risk of being cut. Culturally vibrant, economically successful cities help to entice young workers to come to and stay in Connecticut.





Our larger urban areas and inner ring suburbs face a multitude of revenue challenges including a high percentage of property that is exempt -- by state mandate -- from property taxation, including colleges, hospitals, and state-owned real property. Even though the state provides payment-in-leu-of-taxes (PILOT) to partially offset this exemption, this program has been woefully underfunded over the years and is an unreliable source of revenue.

Strong city hubs will yield statewide benefits for years to come. Connecticut's viability and vitality depends on their success.

Opportunity for Change

CCM has worked to address this issue. In 2017, we released a comprehensive report *This Report is Different* that outlines a new path forward for towns and cities and makes the case that we cannot solve our ongoing fiscal, housing, economic development problems by relying exclusively on spending cuts or property tax increases. Long-term solutions must be comprehensive and may contain proposals that fall outside of everyone's ideological comfort zones.

CCM's State and Local Partnership panel, which developed the report, included 21 municipal leaders representing cities, suburban and rural communities, Republicans and Democrats. The panel offered recommendations that would enable towns and cities to:

- Diversify local revenue;
- Provide needed cost containment strategies; and
- Encourage savings through increased regional collaboration.

The solutions laid out in the report should be the basis to begin the process to ease the regressive burden imposed by the property tax and to encourage economic development, which will include more affordable homeownership and diverse housing options. These proposals would also enable towns and cities to maintain current services, improve and expand infrastructure and provide the needed economic stability to promote economic development and the creation of a diverse housing stock.



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