

# Connecticut Fair Share Housing Study

Joint Meeting of Housing and  
Planning & Development Committees

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January 30, 2025



- Project Overview
- Existing Conditions & Housing Market Fundamentals
- Primary Research Questions
- Baseline Approach to Estimating Housing Need
- Alternative Approaches to Estimating Housing Need
- Policy Priorities and Local Allocation
- Next Steps

# Project Overview

- Public Act 23-207 directs the Office of Policy and Management (OPM) to conduct this study
  - ◆ Requires an update of a prior model (considered the Baseline Approach)
  - ◆ An exploration of alternative approaches to regional need and local allocation
  - ◆ A high-level framework for implementation considerations

# Project Overview

## Stakeholder Engagement

Engagement Plan  
Interviews  
Focus Groups &  
“Close the Loop”  
Sessions  
Website Materials

## Policy Review

Historic  
Discriminatory  
Policies  
Housing Outcomes  
Connecticut’s  
Housing Policy  
Landscape  
Fair Share &  
Housing Needs  
Elsewhere

## Technical Experts

Five National  
Experts in Fair  
Share and Housing  
Needs Analyses  
Meeting 4-5 Times  
to Advise

## Analysis

Replicate Baseline  
Approach  
Updated Data  
Sources  
Study Alternatives

Final Study:  
Methodology  
Report &  
Presentation to  
the General  
Assembly

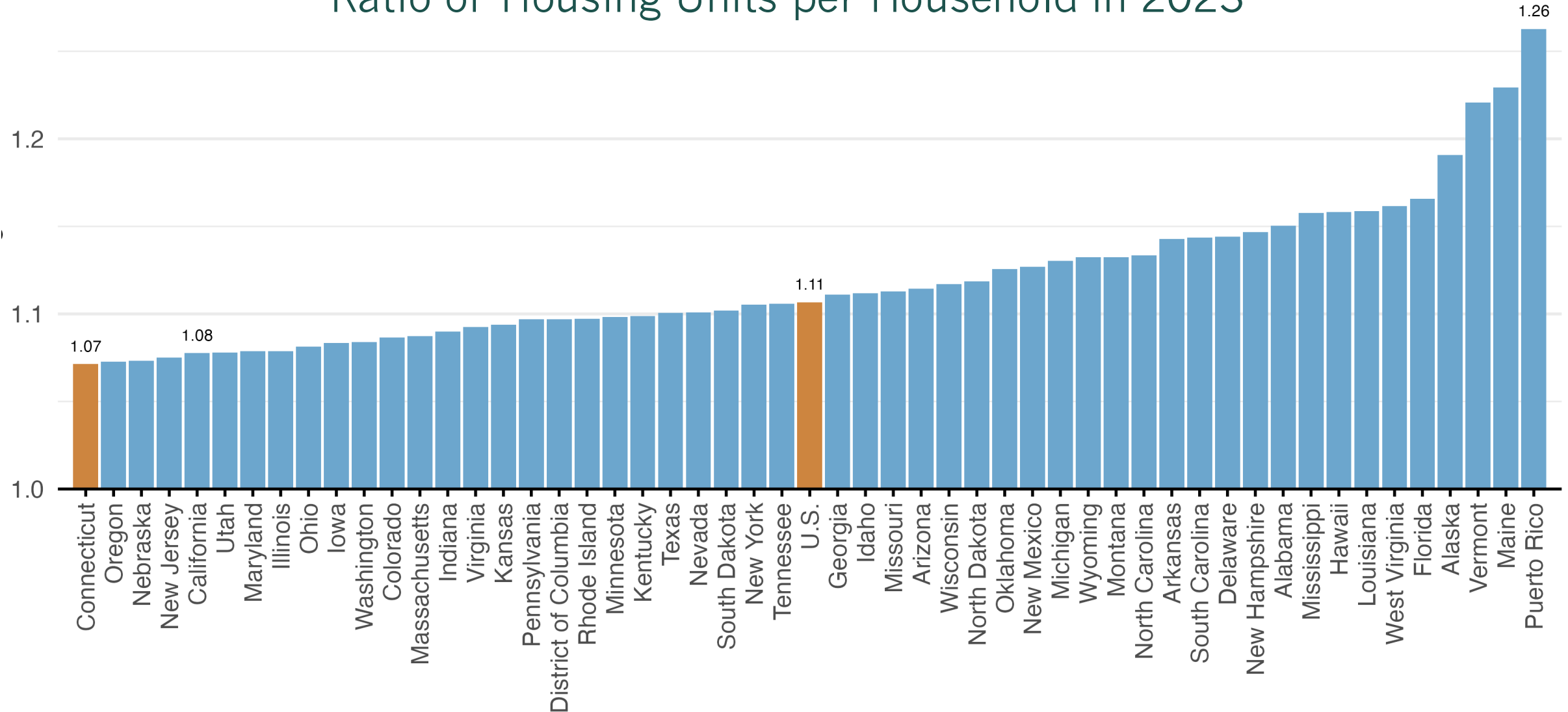
# Project Timeline

	<b>June-July</b>	<b>Aug-Sept</b>	<b>Oct-Nov</b>	<b>Dec-Jan</b>	<b>Feb-Mar</b>	<b>Apr-May</b>
<b>Interviews &amp; Focus Groups</b>						
<b>Background Policy Review</b>						
<b>Housing Needs Methods</b>						
<b>Allocation Methods</b>						
<b>Presentation &amp; Report</b>						

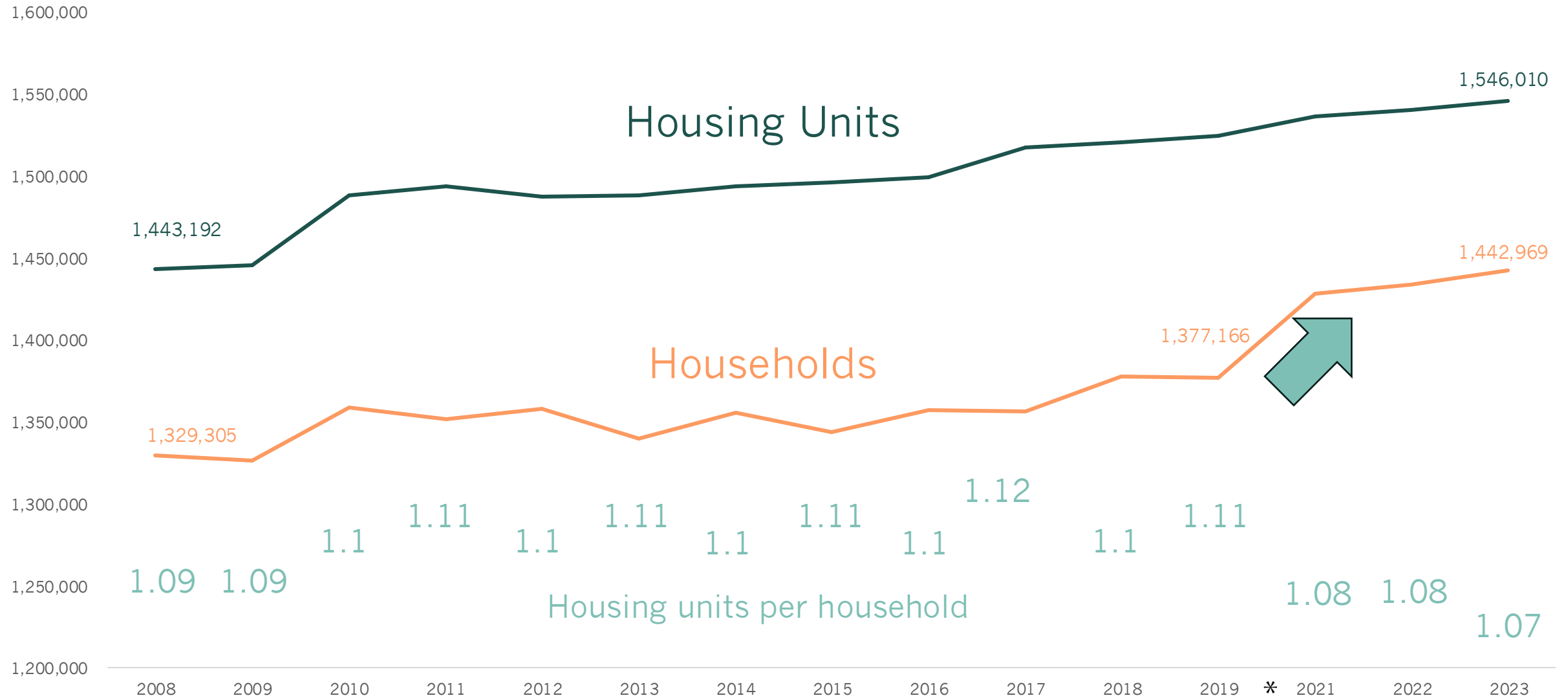
# Existing Conditions

# Connecticut is the most constrained housing market nationally

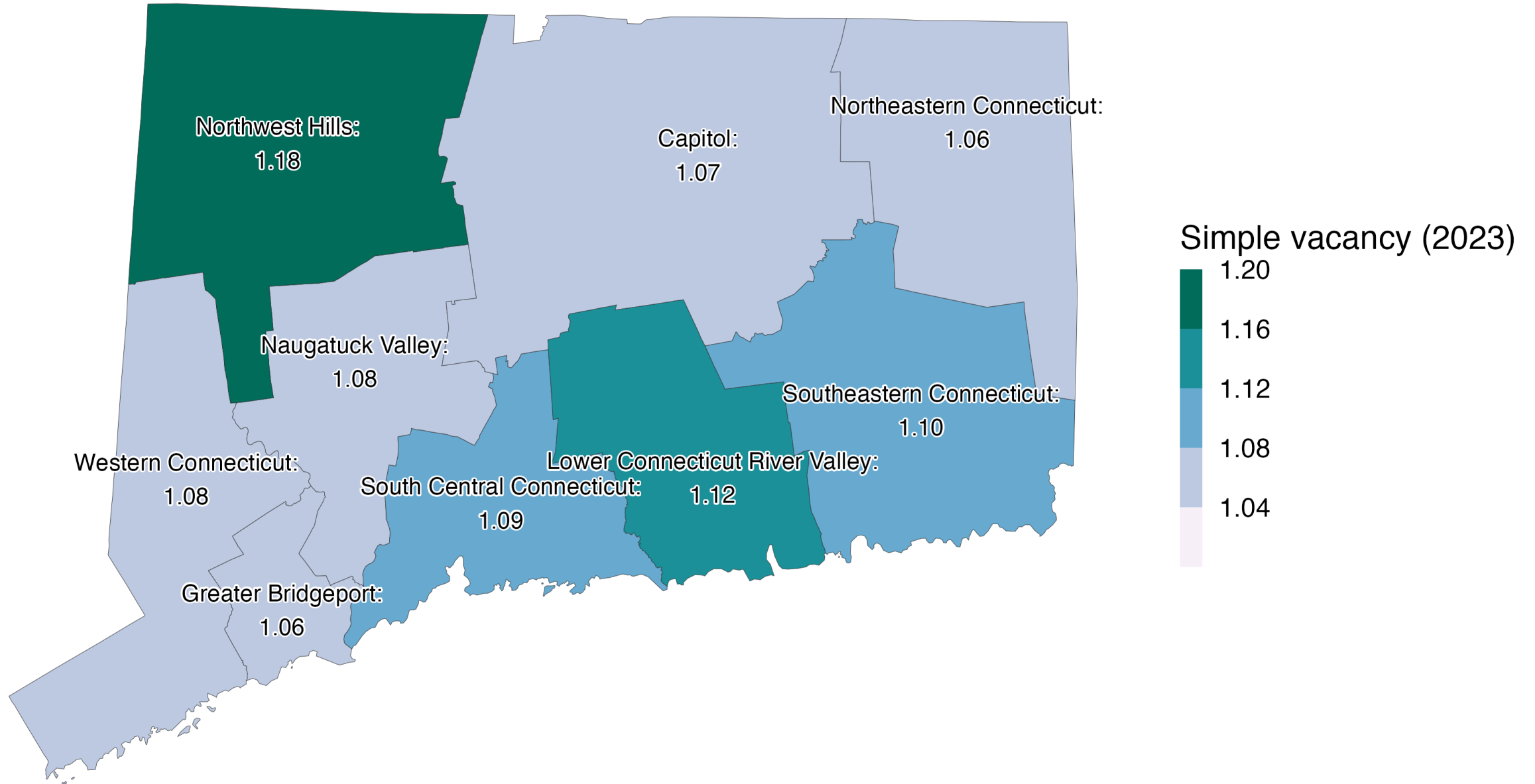
## Ratio of Housing Units per Household in 2023



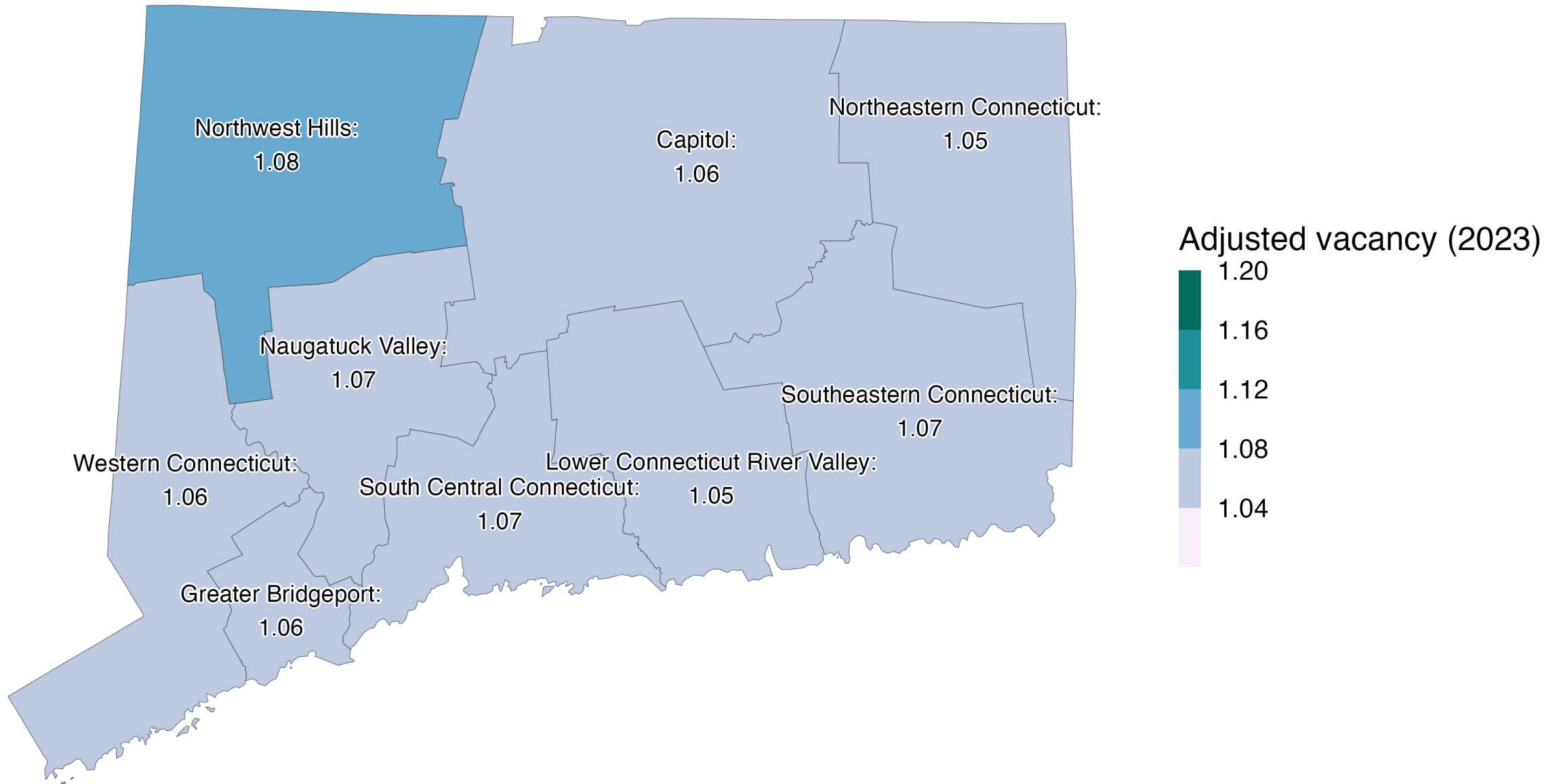
# Vacancy rate has declined due to pandemic related HH formation



# Ratio of housing units to households varies across the state

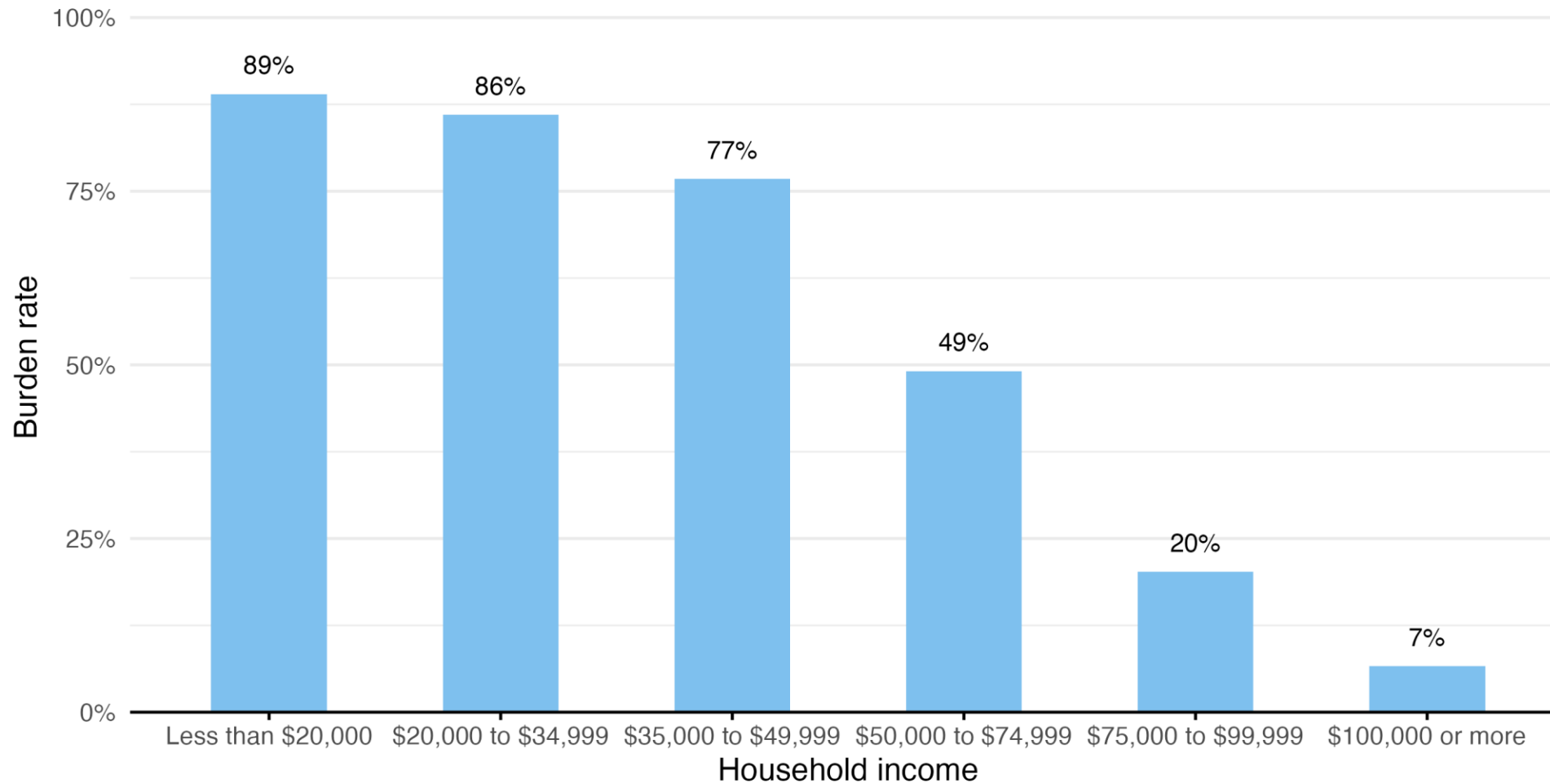


# Removing second and vacation homes reveals similar conditions statewide



# More than half of renter households earning less than 50k are burdened

## Share of cost burdened renters in Connecticut, by income in 2023



## Renter Cost Burdening Rates

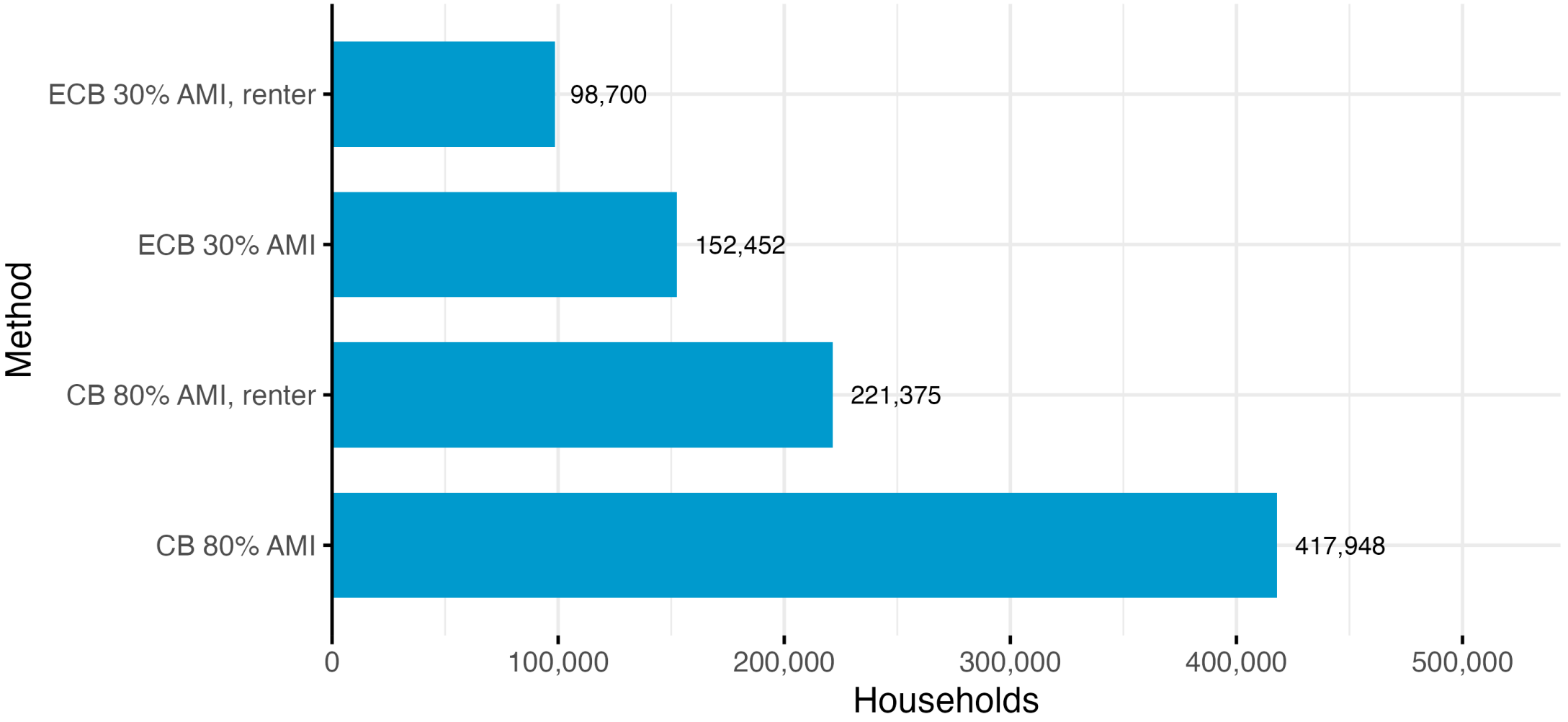
Hartford – 60%  
Bridgeport – 59%  
New Haven – 56%  
Stamford – 52%  
Norwalk – 49%

Cost burdened households spend more than 30% of their gross income on rent

# Housing Market Fundamentals

# What is the Target Population of Interest?

Cost burdened households statewide in Connecticut



Source: 2022 PUMS 1-year

# How does increasing supply impact affordability?

## 1. Elasticity

The relationship between supply and price, building more units delivers some broad-based price/rent reduction

## 2. Filtering

Depreciation of older housing stock over time, the rate at which this happens is determined by the vacancy rate and the amount of new construction

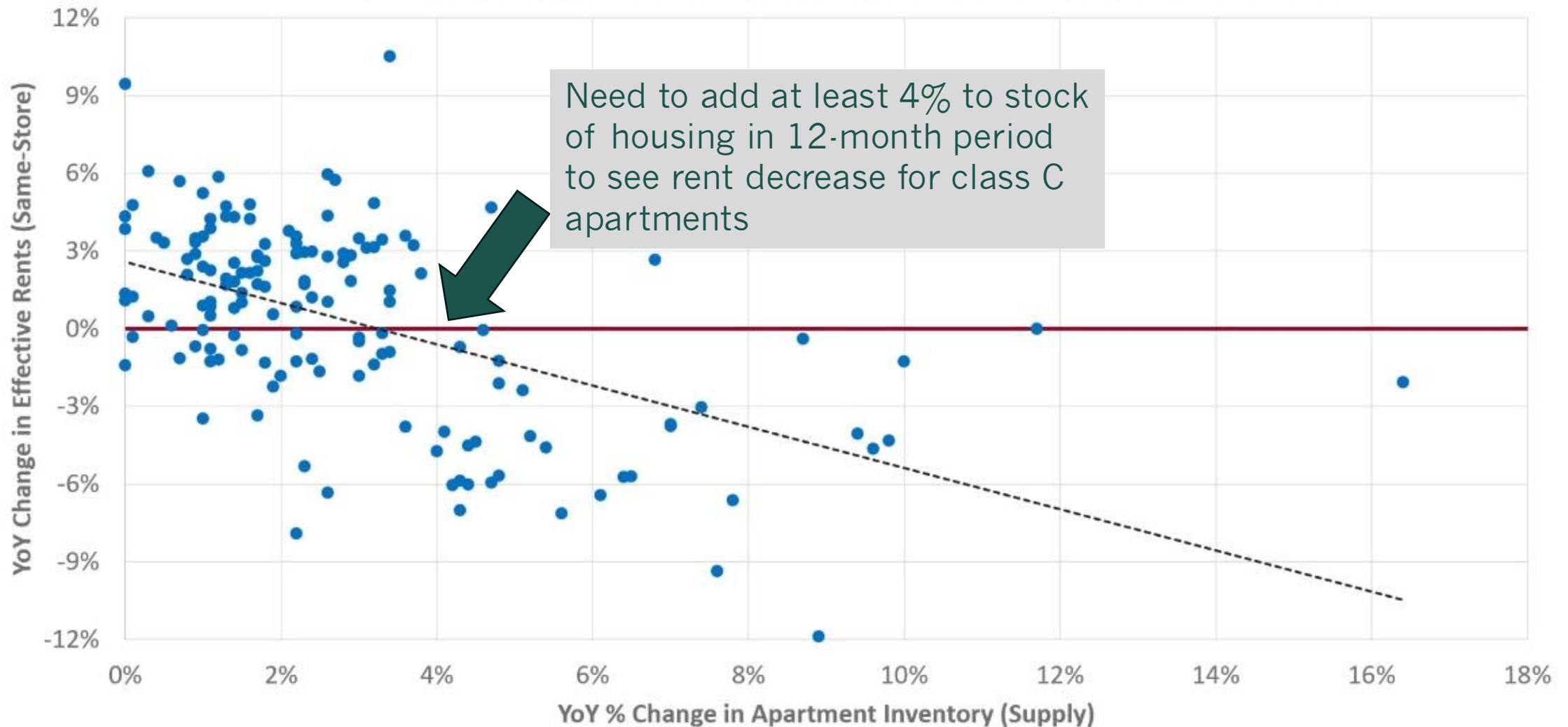
## 3. Income Sorting / Mismatch

Households rarely spend exactly 30% of their income on housing, households that spend less crowd out lower income households, causing increased cost burdening—the availability of units is a big contributor to lack of affordability

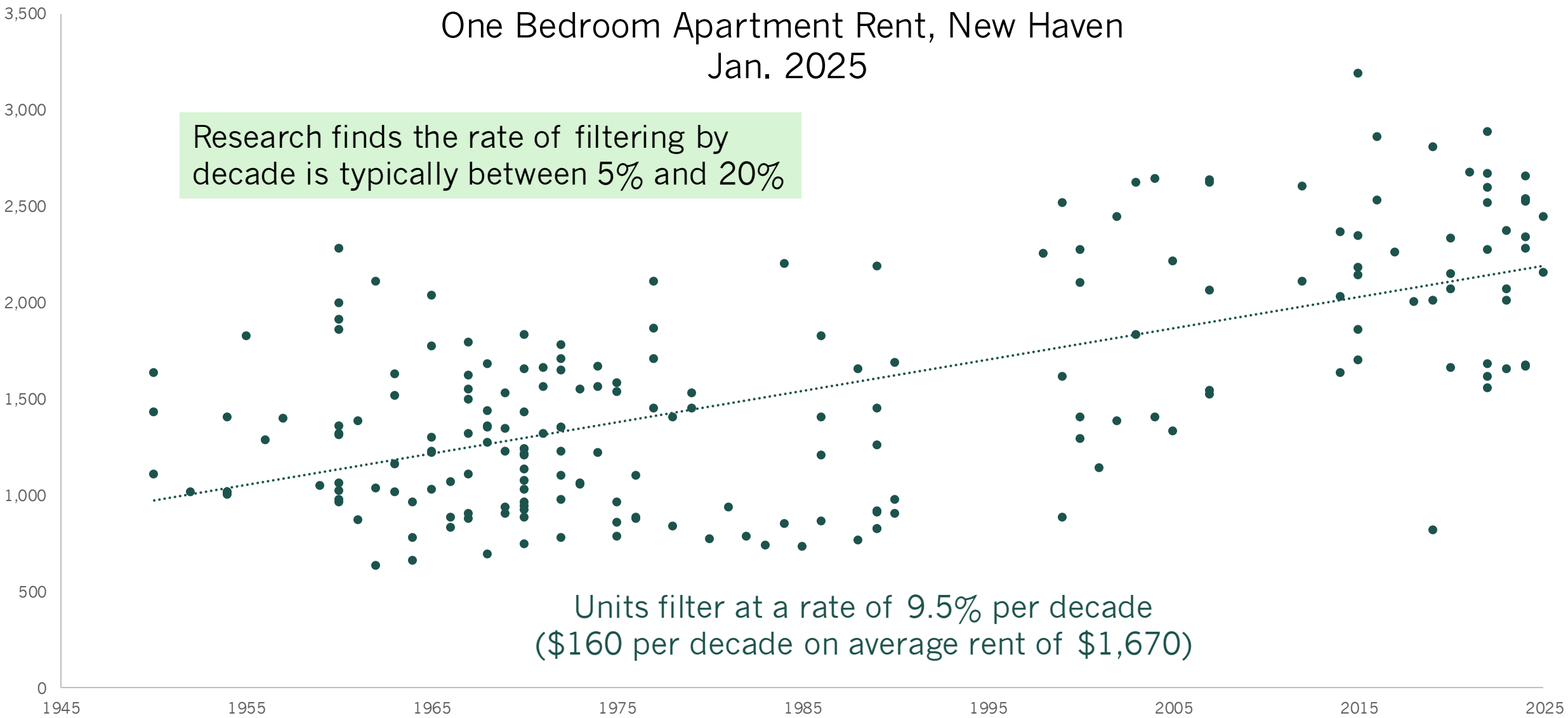
# Building market rate housing only offers short-run rent relief

## Class C Apartment Rents are Falling in High-Supplied Markets

T-12 Supply Change vs. Rent Change, Top 150 U.S. Markets, September 2024

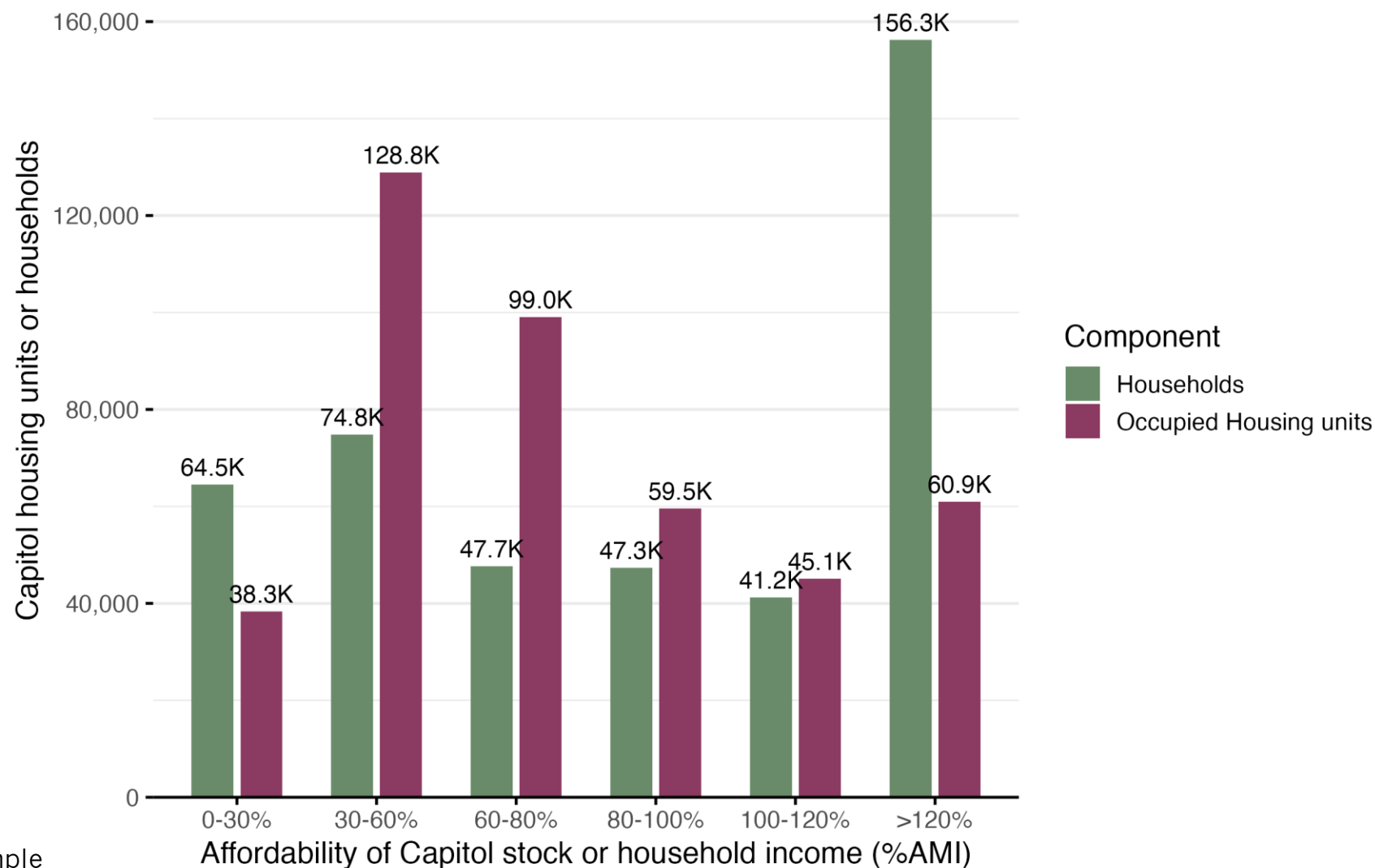


# Apartment filtering is slow in parts of state with large production



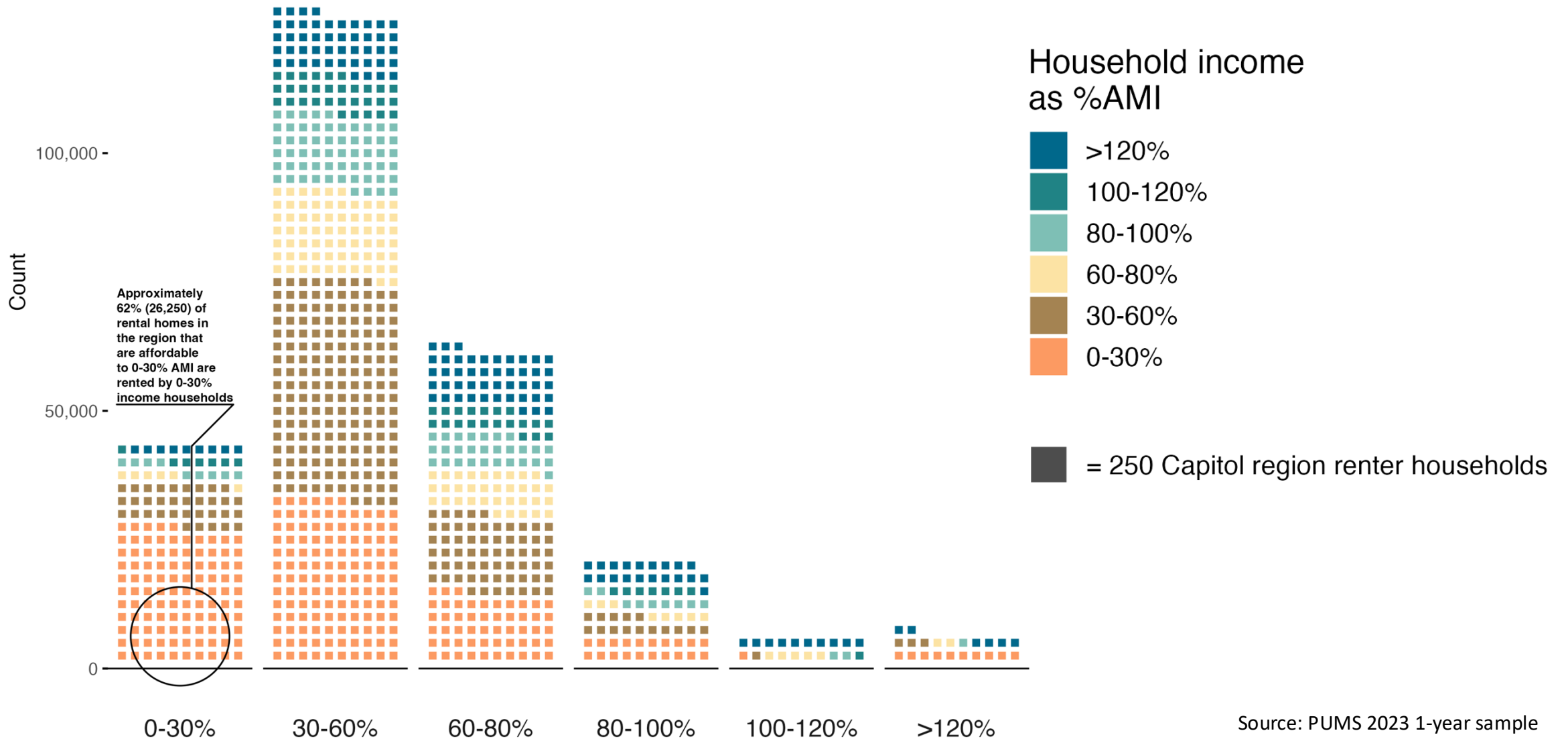
# Within a regional housing market, low-income structural mismatch

## Comparing Rental Unit Affordability to Household Income of Residents Capitol Region, Connecticut, 2023



# Renter households do not sort perfectly based on income, leads to cost burdening

## Comparing Rental Unit Affordability to Household Income of Residents Capital Region, Connecticut, 2023



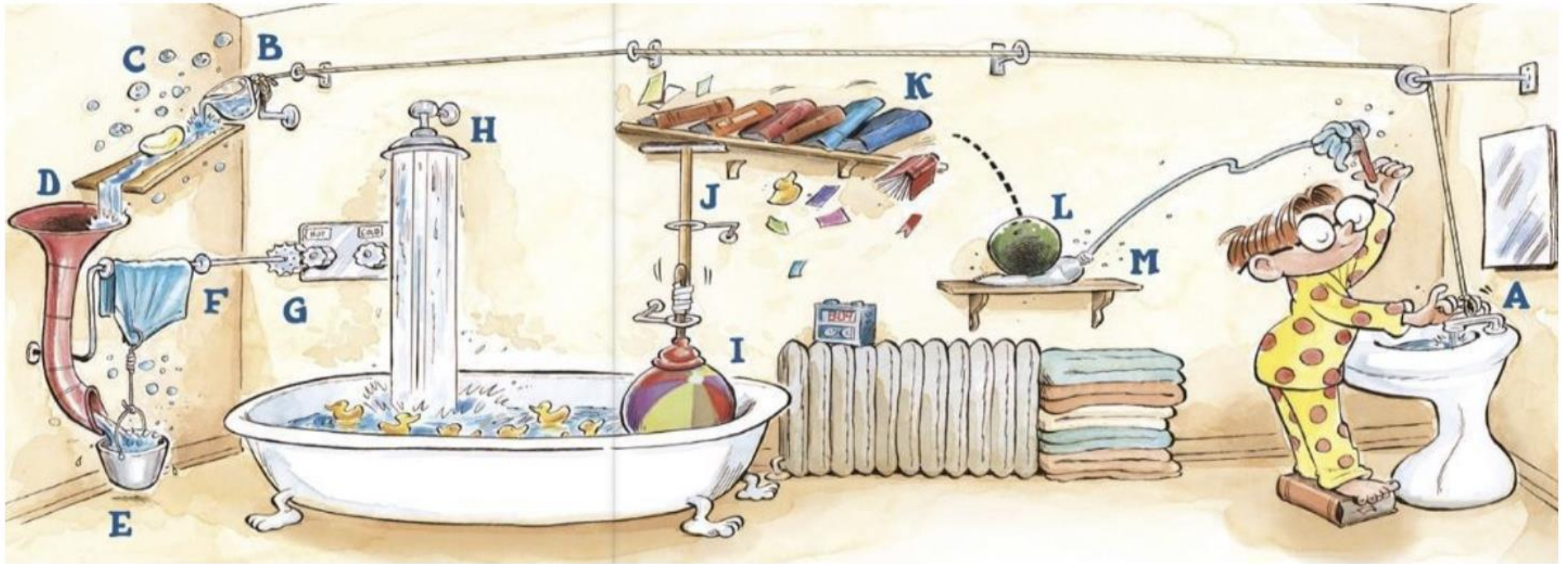
# Primary Research Questions & What is Done Elsewhere

# What is fair share?

- Fair share is a policy approach to affordable housing grounded in the 1975 New Jersey Supreme Court ruling that each municipality has a constitutional obligation to provide a realistic opportunity for the construction of their fair share of affordable housing
- In 2024 New Jersey under Senate Bill 50 and Assembly Bill 4 modified their process for determining and enforcing municipalities' affordable housing obligations
- Other states have enacted similar approaches generally referred to Regional Housing Needs Analysis, including California, Oregon, and Washington

# Goal is to avoid complexity

Goal is to avoid building something complex and difficult to interpret



**How to Put Toothpaste on a Toothbrush just like Rube Goldberg!**

An iterative process, took 5+ years in Oregon to produce first official target

## Oregon **Capital Chronicle**

POLITICS ENVIRONMENT EDUCATION ECONOMY HEALTH CRIMINAL JUSTICE

ECONOMY HOUSING

### Oregon needs to build 29,500 more homes each year, chief economist says

BY: JULIA SHUMWAY - JANUARY 28, 2025 5:45 AM



Gov. Tina Kotek has set a goal of building 36,000 new homes a year – nearly double the average number of homes built in Oregon in recent years. (Dan Reynolds Photography/Getty Images)

# Primary Research Questions

1. What are the biggest housing challenges facing Connecticut residents?
2. Should the state look at housing needs for specific segments of the population or the entire population?
3. What policy context should a fair share approach take into consideration?

# Limitations to fair share approach



What is an appropriate timeframe to measure and update?



Doesn't consider other tools that can impact affordability  
(Vouchers or preservation)



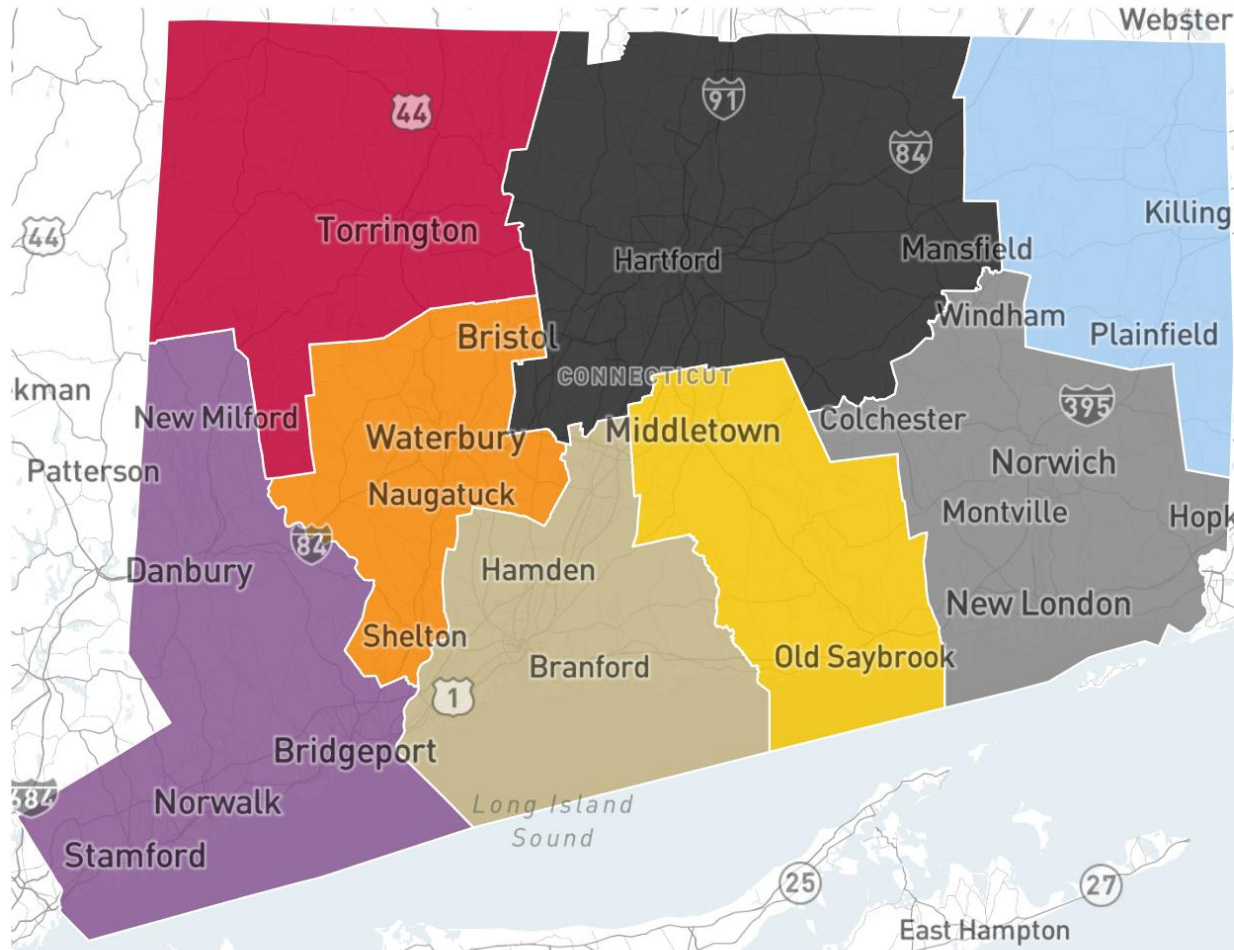
Focuses efforts on ground up construction (excludes conversions)



State has constrained resources to fund affordable housing

# Baseline Approach to Estimating Regional Housing Need

# Study regions



## Region

- Capitol
- Lower Connecticut River Valley
- Metropolitan & Western Regions Combined
- Naugatuck Valley
- Northeastern Connecticut
- Northwest Hills
- South Central Connecticut
- Southeastern Connecticut

# Existing Methodology: 2020 vs Updated (2022) Draft Results

Housing Region	Total Households			Lower Income Households			Current Need (Gross Fair Share), (affordable housing units)		
	2020	2022	Change	2020	2022	Change	2020	2022	Change
Capitol	378,395	394,873	16,478	157,750	167,994	10,244	36,498	36,713	215
Lower CT River Valley	71,592	74,252	2,661	25,070	28,710	3,640	5,283	5,655	372
Metropolitan & Western Regions Combined	339,015	358,460	19,445	124,542	137,963	13,421	35,365	35,408	43
Naugatuck Valley	173,570	181,114	7,544	76,895	83,230	6,335	17,822	18,413	591
Northeast CT	37,965	38,759	794	15,525	17,166	1,641	2,750	2,888	138
Northwest Hills	45,290	48,363	3,073	18,456	19,322	866	3,498	3,762	264
South Central	223,938	230,252	6,314	102,789	102,590	-199	25,889	24,278	-1,610
Southeastern CT	111,070	113,747	2,678	49,765	53,475	3,710	10,200	9,128	-1,072
<b>Connecticut</b>	<b>1,380,834</b>	<b>1,439,820</b>	<b>58,986</b>	<b>570,792</b>	<b>610,450</b>	<b>39,658</b>	<b>137,304</b>	<b>136,246</b>	<b>-1,058</b>

# Alternative Approaches to Estimating Housing Need

# Expert Technical Panel



David Garcia  
Up for Growth  
(formerly Turner Center)



Yonah Freemark, Ph.D.  
Urban Institute



Noah Kazis, JD  
U of Michigan



Nick Marantz, Ph.D.  
UC Irvine



Jenny Schuetz, Ph.D.  
Arnold Ventures  
(formerly Brookings)

# Identified 3 Components of Regional Need – Two approaches

Implementation Framework

```
graph TD; A[Implementation Framework] --> B[Current Need]; B --> C((Underproduction)); B --> D((Homelessness)); B --> E((Structural Gap (Low and high approaches)))
```

Current Need

Underproduction

Homelessness

Structural Gap  
*(Low and high approaches)*

# What is Housing Underproduction?

## Demand

$$\left[ \begin{array}{c} \text{Households} \\ + \\ \text{Missing} \\ \text{Households} \end{array} \right] \times 1.05$$

(1+ Target Vacancy Rate)

**TARGET NUMBER OF HOUSING UNITS**

## Supply

$$\left[ \begin{array}{c} \text{Total Housing Units} \\ - \\ \text{2nd and Vacation Homes} \\ - \\ \text{Uninhabitable Units} \end{array} \right]$$

**UNITS THAT ARE RENTER OR  
OWNER OCCUPIED**

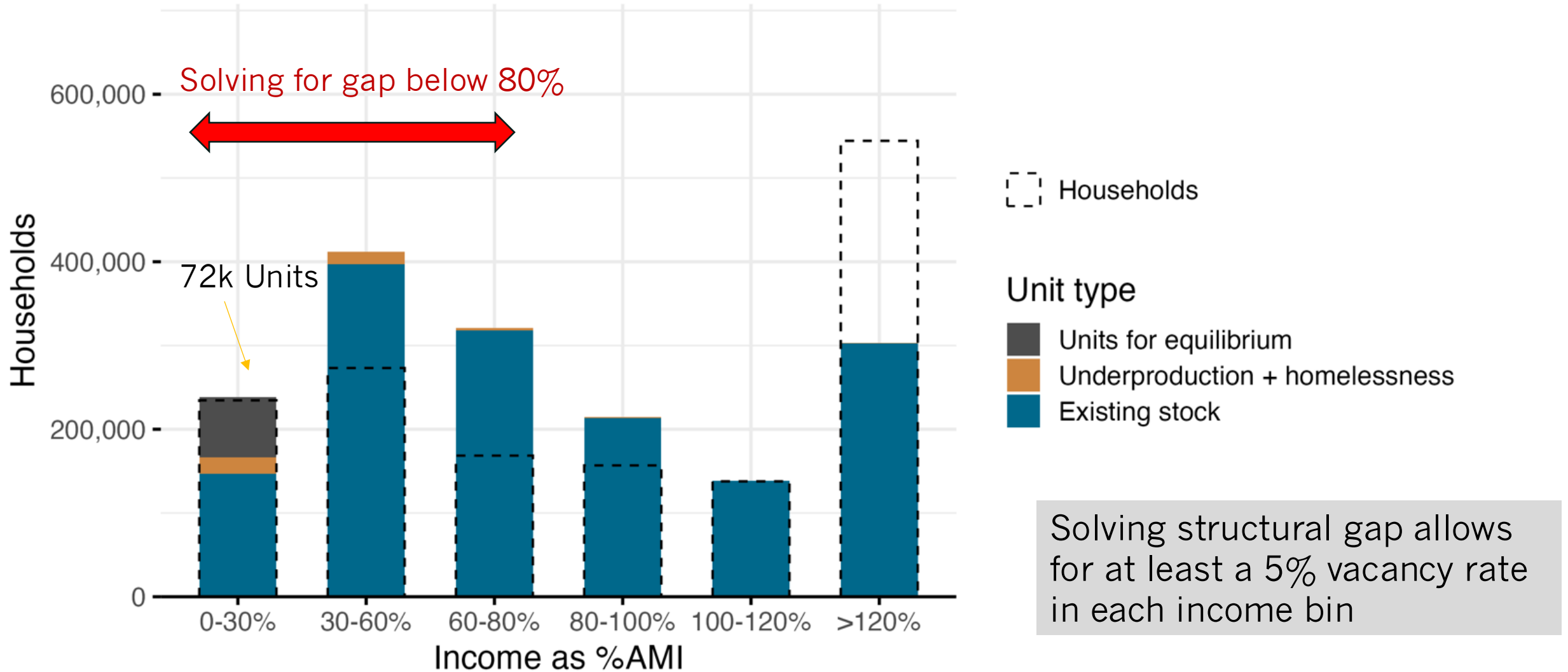
Assigned to income bins based on distribution of cost burdened renter households

# Building units for people experiencing homelessness

- Not counted in the measure of underproduction
- Use most recent Point in Time counts
- Assign statewide total to regions based on share of households earning 0-30% of AMI

# Approach #1 solve for structural gap below 80% of AMI

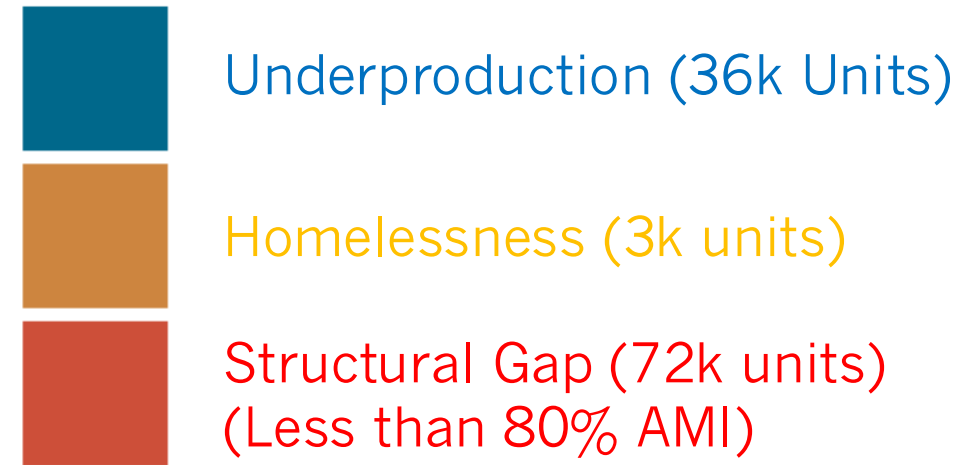
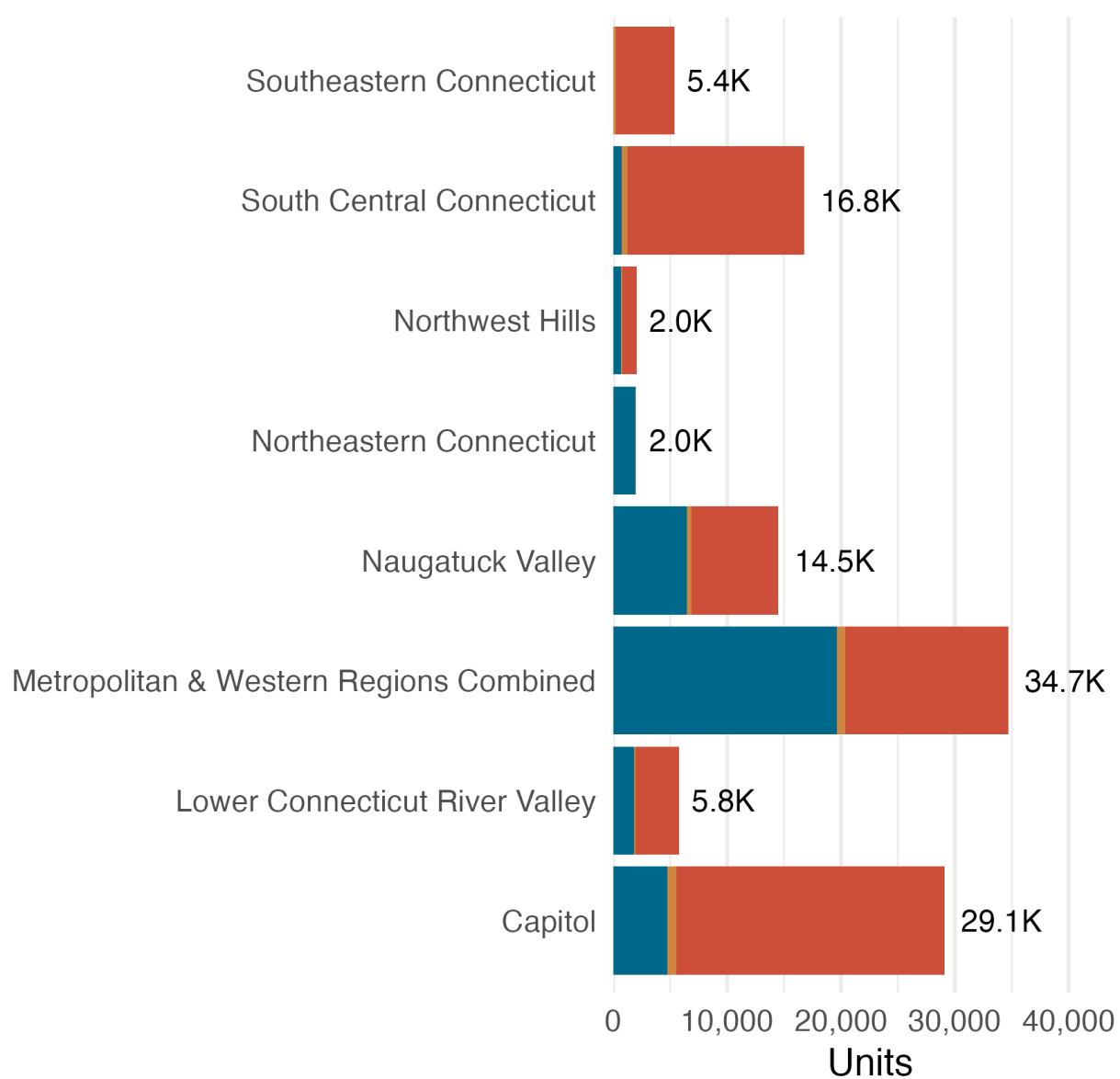
Statewide structural gap: Unit affordability vs. household income



Source: 2023 PUMS 1-year, HUD PiT Counts

Solving structural gap allows for at least a 5% vacancy rate in each income bin

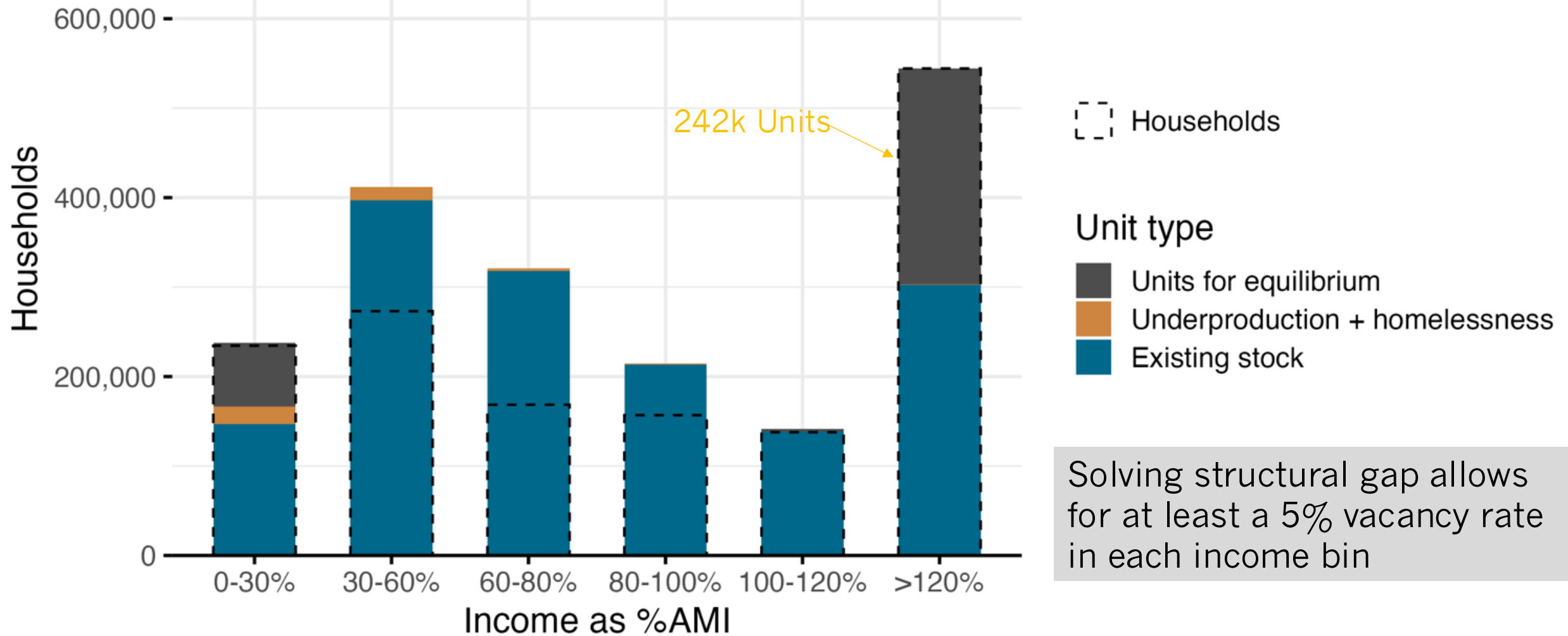
# Results by region and income distribution for approach #1



INCOME LEVEL	# OF UNITS	% OF UNITS
0-30%	91,089	82.3%
30-60%	14,650	13.2%
60-80%	3,047	2.8%
80-100%	860	0.8%
100-120%	406	0.4%
>120%	650	0.6%
<b>Total</b>	<b>110,702</b>	<b>100.0%</b>

# Approach #2 solve for structural gap at all income levels

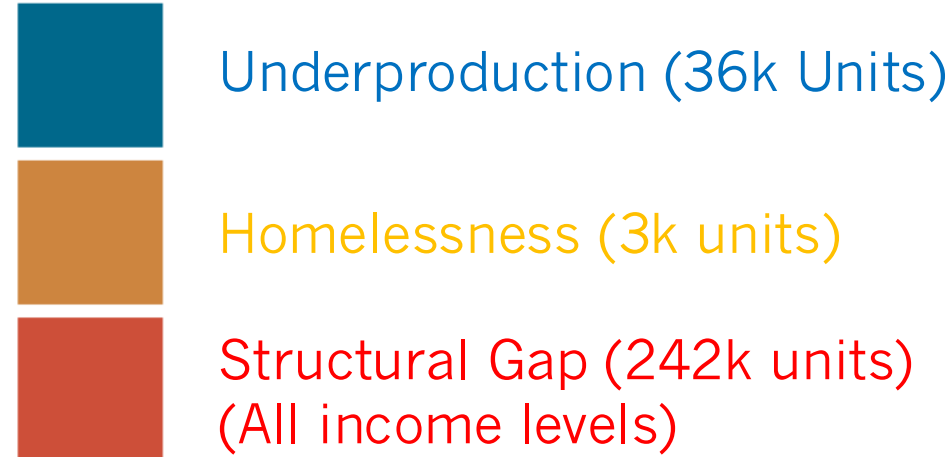
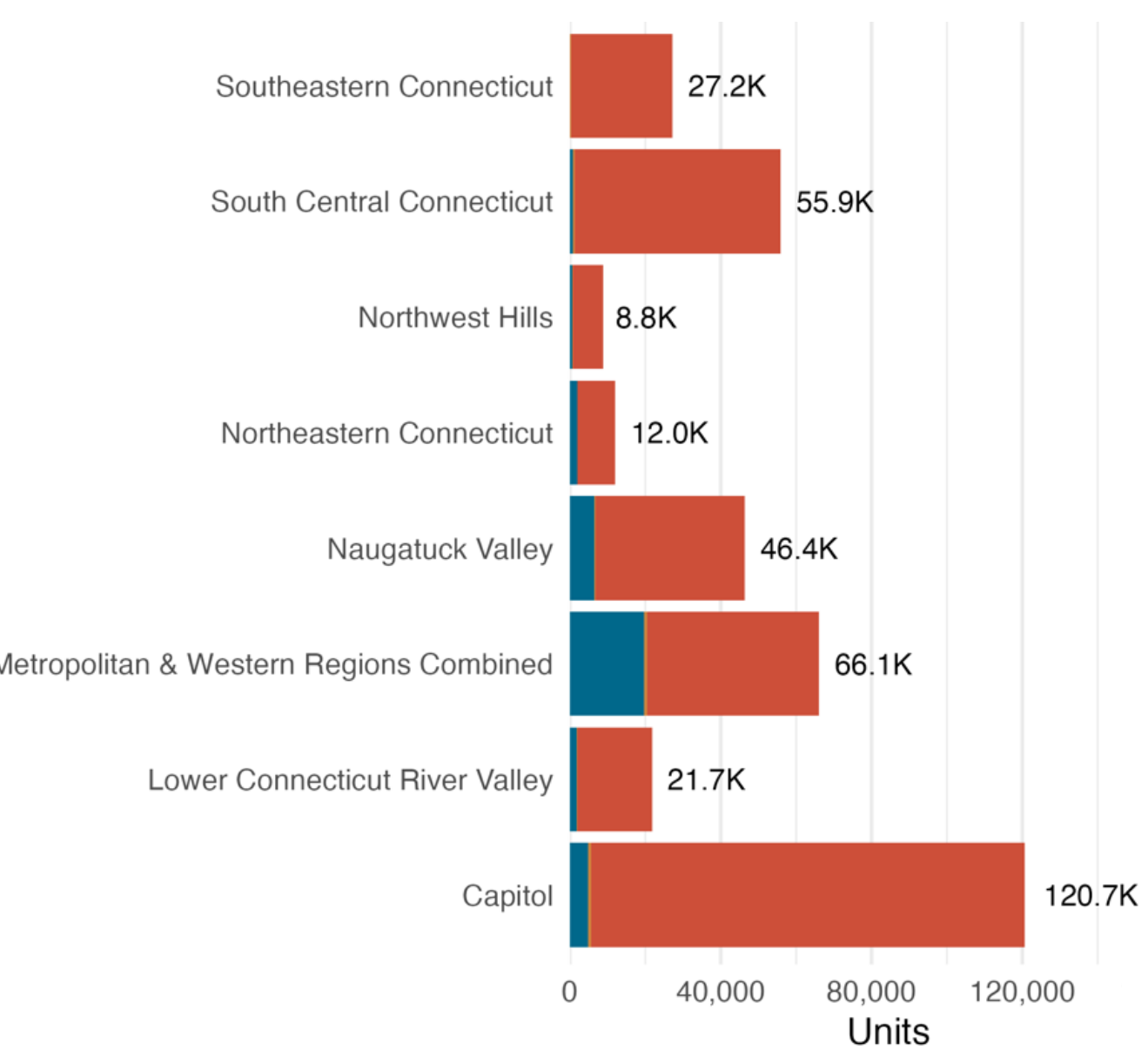
Statewide structural gap: Unit affordability vs. household income



Solving structural gap allows for at least a 5% vacancy rate in each income bin

Source: 2023 PUMS 1-year, HUD PiT Counts

# Results by region and income distribution for approach #2



Increases total need to 359k Units

INCOME LEVEL	# OF UNITS	% OF UNITS
0-30%	91,089	25.4%
30-60%	14,650	4.1%
60-80%	3,047	0.8%
80-100%	1,405	0.4%
100-120%	6,732	1.9%
>120%	241,964	67.4%
<b>TOTAL</b>	<b>358,887</b>	<b>100.0%</b>

# Comparison of regional need by approach

REGION	APPROACH 1 (ROUNDED)	APPROACH 2 (ROUNDED)	% DIFFERENCE
Capitol	30,300	120,700	400%
Lower Connecticut River Valley Metropolitan & Western Regions Combined	6,000	21,700	360%
Naugatuck Valley	12,700	46,400	370%
Northeastern Connecticut	2,000	12,000	600%
Northwest Hills	700	8,800	1260%
South Central Connecticut	17,400	55,900	320%
Southeastern Connecticut	5,900	27,200	460%
<b>Total</b>	<b>110,700</b>	<b>358,900</b>	<b>320%</b>

# Policy priorities and Local Allocation

# Approach to allocating regional need to local jurisdictions

- Need will be estimated at the regional level, then allocated to all municipalities in the region (a.k.a. fair share)
- Several example from states with adopted housing needs analyses & allocation methodologies
- Goal is to ground the approach in local policy context
- Prioritization will then need to select variables that operationalize policy priorities
- Limited by data availability

# Considerations for Local Allocation Approaches

- Not all variables can be easily measured statewide
  - ◆ Land capacity
  - ◆ Barriers to development
  - ◆ Availability of infrastructure
- Some variables will be inverse-weighted
  - ◆ E.g., areas with high vacancy rates would get lower allocation
- Methodologies can quickly become complex
  - ◆ Multiple potential proxies for different components need
  - ◆ Weights assigned to variables
- Goal is to keep it simple and with data that is regularly updated

# Local allocation approach for baseline methodology

- Allocates units based on a town's average of four factors:
  - Share of the region's valuation of taxable property,
  - Share of the regional household income differences,
  - Poverty rate
  - Share of the housing stock that is multifamily housing
- Screens out highest poverty towns (to avoid concentrating poverty) and reallocates to the remainder
- Caps allocation to less than 20% of the existing stock and then reallocates to the remainder

# Potential options identified for measuring policy priorities

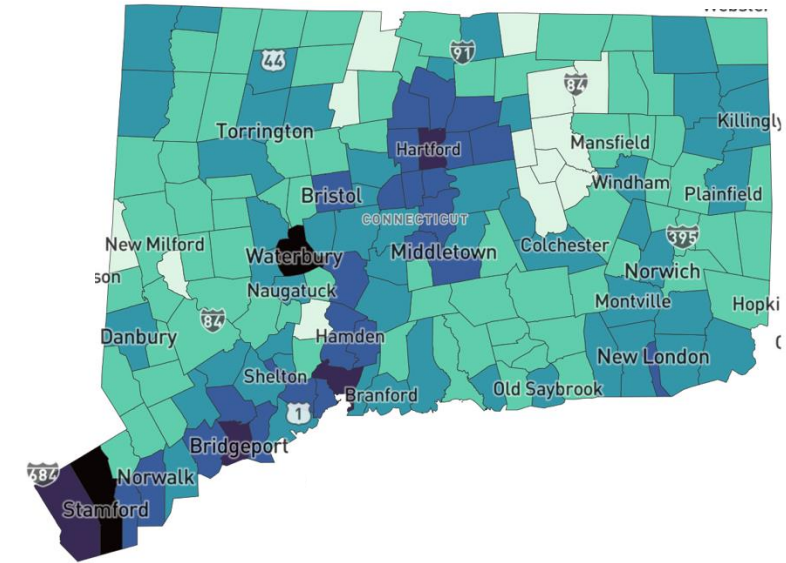
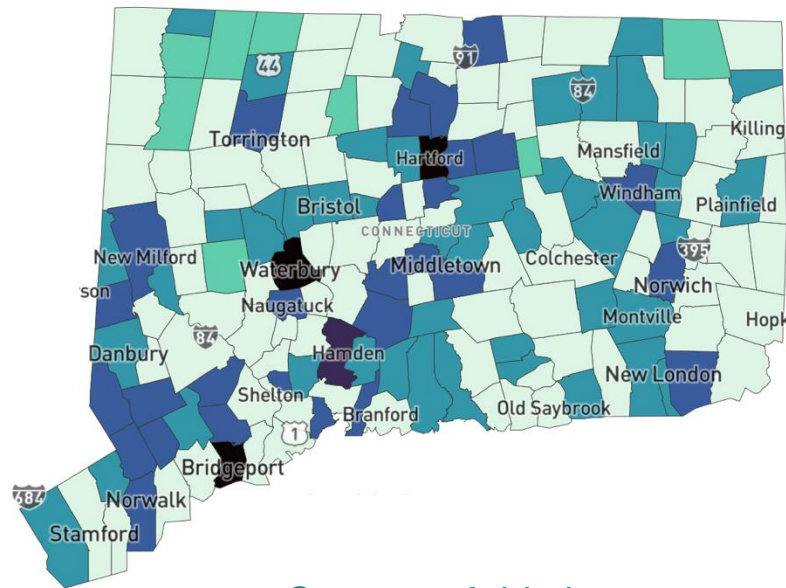
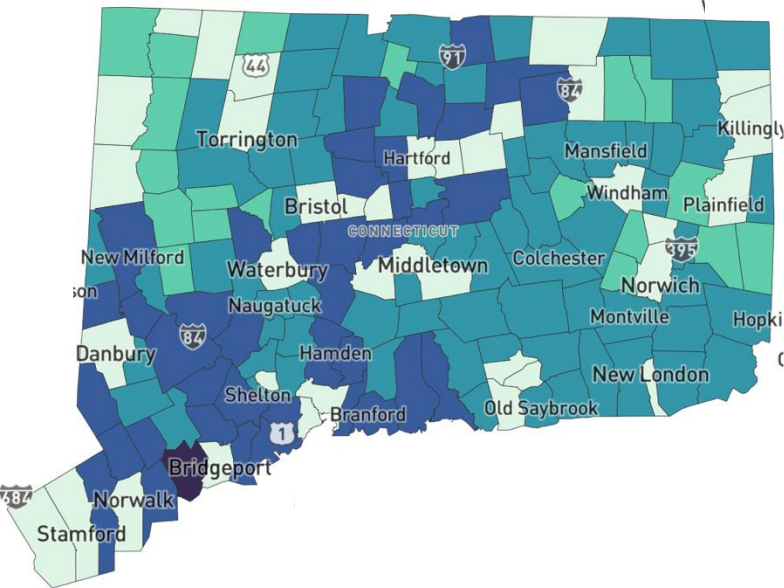
- Production
  - Producing above regional average over past 10 years
- Affordability
  - Share of Regional Average rental units below 50% AMI
  - Household crowding
- Accessibility
  - Transit access to jobs
  - Walkability
  - Live/work balance

# Example local allocation approach using different priorities

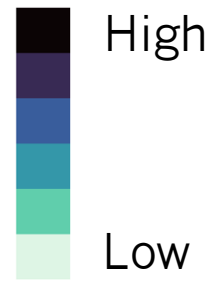
## Affordability

## Production

## Access to Jobs (Walk and Transit)



Count of Units



1. Thoughts on the proxies as appropriate measures of the policy priority variables?
2. Are there any missing policy variables?
3. Are equally weighted variables a reasonable approach?
4. Should there be any control totals, such as 20% of stock in the baseline model?

# Next Steps

- “Close the Loop” Focus Group Session: February
- Final Expert Tech Panel Meeting in February
- Finalize approaches to regional need and local allocation
- Report published: Spring 2025

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