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## **Affordable housing - A way to strengthen Conn.'s economic base**

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Just when it seemed Connecticut's residential real estate market was poised for a rebound and stability after half a decade of volatility, the latest budget crisis in Washington threatens to put a monkey wrench in the economic recovery and the housing market. Connecticut's 169 cities and towns reflect individual submarkets in terms of value performance and sales volume, where a one size fits all synopsis of the current state of affairs does not work. Some regions are stronger than others, experiencing greater levels of stability over the past year and experiencing somewhat respectable sales volume. One thing is certain; it could be a whole lot better.

The latest housing downturn is nothing new. We've had down cycles with concurrent value declines for decades. The crises eventually pass and the market returns to a degree of normalcy. But at what cost? When families lose their home, it takes a toll on their lives. Some cope better than others. Some emerge stronger. What about the others? Where do they go? We can sit here all day and debate causes and assess blame, but that doesn't sell houses or save families from financial distress. It is clear that we need to step up and be proactive to get out of this mess and help soften the blow for future housing downturns.

As a nation of consumers and accumulators, residential development trends since the mid 1980s, particularly in Connecticut, shifted toward bigger homes with extra garage stalls, higher quality construction, higher rooflines, soaring ceiling heights and more amenities such as elaborate finished basement space with home theaters to go along with greater living area for typical families growing statistically smaller. The "if you build it, they will come" mentality worked well and many developers and others along the periphery of the housing market prospered. The active adult communities spawned over the past 25 years which have exploded in numbers over the past ten years are a result of the trend toward bigger homes, where a \$400,000-\$500,000 detached or semi-detached 55+ unit with 2,000 s/f or so in living space is a downsize from the last home. Now comes the problem.

The move up buyers age 50ish are worrying about keeping their jobs until retirement in an environment where corporate downsizing has become a way of life and, despite how much improvement the economy sees, is not likely to change. College graduates are hitting the workforce far more prepared than ever before to make an immediate impact and at a far smaller starting wage. Conscience aside, corporate downsizing makes economic sense. Move-up buyers, made up largely of the late 20s - 40s age demographic, are less sure about remaining in Connecticut long term due to high costs of living, their own job concerns and greater opportunities available elsewhere in growth sectors of the nation. Entry level buyers feel squeezed out of the market, or reluctant to buy for all of the reasons noted above. After all, it's about jobs and positive outlook - always has been, always will be.

One thing is certain. Affordable housing offers a tool communities statewide can use to help alleviate financial stress and promote economic growth, with a trickle up effect. I refer to private sector development of affordably priced homes made available to families or individuals with below median level incomes which might not otherwise qualify for home purchases and which remain affordable in perpetuity to future buyers. Homes where families can live comfortably realize their piece of the "American dream" of home ownership and build a future here in the state. Affordable housing units provide a self-sustaining market. Check around communities statewide which have an inventory of affordable housing units. Most, if not all, have waiting lists of buyers eager to take the plunge.

What does this do for the community? It creates jobs and fosters growth, retaining a segment of the population which might otherwise leave for more affordable surroundings. This in turn provides a readily available local labor force for community businesses who live near their work, spend money in the community they both live and work in and reinvest in that community with both financial support and community service. This in turn promotes business expansion and further development within the community, both for existing businesses and attracting new business, which spells new tax dollars. As the affordable home owners prosper and seek higher priced housing alternatives, a new source of buyer for move-up homes emerges, stabilizing that market segment, with the affordable homes to be filled upon re-sales with a new generation of residents likely to further promote economic growth.

To do this will take a partnership effort between cities and towns and private developers. In conversations with respected builders in Connecticut who have been successful over the years building quality housing, it is clear that development of affordable housing subdivisions can be profitable while filling a crying need within the state. The critical component is the availability of land at the right price and capable of development of the right level of density to allow for economies of scale to keep housing development budgets affordable and turn a realistic profit. Communities need to look at the big picture, not just the immediate impact on school and utilities infrastructure, and re-think zoning trends which have shied away from sensible higher density development in pocket areas. I'm not saying a wholesale re-write of the regulations, but spot zoning exceptions which make sense, putting some of the open space land acquisitions to work for the future to satisfy the critical need for affordable housing, reaping the resulting benefits. Renaissance cities such as Providence took the pro-active development approach in recent years and have not looked back. It's time for Connecticut's communities to embrace the affordable housing concept to help fight for our future. If you approve it and let them built it, they will come.

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