

# Why investing in affordable housing matters for all Connecticut residents

CT VIEWPOINTS :: by NANDINI NATARAJAN | AUGUST 25, 2021 | VIEW AS "CLEAN READ"



In a talk given late last year, changemaker Tiffany Manuel noted that “too many of us who are involved in housing, community planning, development, and real estate markets make the assumption that ordinary people and policymakers clearly understand what we do and why it matters – but that’s not always the case.”

For over 50 years, Connecticut has invested deeply and widely in the creation of housing that is affordable to thousands of low- and moderate-income families and individuals. In 2020 alone, the Connecticut Housing Finance Authority (CHFA), working in partnership with the Department of Housing, invested more than \$580 million in the development of multifamily rental housing as well as opportunities for first-time homebuyers through a mix of federal and state tax

credit programs, bond-funded loans, and grants. This investment will generate over 1,000 new jobs and generate an additional \$22 million in state revenue in the form of new or enhanced taxes.

This is what we do. And here's why it matters.

Where we live has an undeniable impact on a child's capacity to learn, on a parent's ability to earn a livable wage, and for all of us to give back to society. Studies have linked quality, stable housing to everything from maternal mental health to the likelihood a child will need special supports in school, to one's ability to build and pass on wealth to future generations. And in the last 16 months, we have all seen firsthand how housing is not merely a roof over our head; our home is our sanctuary. Over that time, much attention has been paid to how the troubling legacy of housing and land use policies have shaped and divided Connecticut based on race, ethnicity, and wealth.

So, yes, our home is our sanctuary. But not all sanctuaries are created equal.

Because it affects not only one's physical and mental well-being but also determines one's proximity to schools, transportation, and job opportunities, housing tends to play an outsized role in the conversation over what has come to be referred to as "opportunity." Economist Raj Chetty noted in a 2017 study that "the outcomes of children whose families move to a better neighborhood – as measured by the outcomes of children already living there – improve linearly in proportion to the amount of time they spend growing up in that area." Moving a child from a lower income community, the study suggests, to a higher income one early in that child's life can dramatically increase that child's ability to thrive into adulthood. While Chetty's study is careful to point to specific factors that determine outcomes and what qualifies as a "better" neighborhood, the list of characteristics cited by others generally includes communities with residents earning relatively higher incomes, with relatively lower crime rates and lower poverty rates.

How are we to confront these two, seemingly conflicting realities? On the one hand, we know that blighted and unstable housing in disinvested communities can negatively impact a person's health and well-being, so logically we should work to improve that

housing. On the other hand, we know that moving a child from that same disinvested community to one with a higher average household income might significantly improve the trajectory of her life. This is the type of challenge that Connecticut is grappling with every day as we attempt to balance the disparate housing needs of 1.4 million households in our 169 towns and cities. Our capacity to invest in affordable housing is finite. State and local leaders, policymakers, and advocates from across the spectrum must make tough decisions about how our resources are invested, and where.

One such resource is the Low Income Housing Tax Credit (“LIHTC”), a federal program administered at the state level by CHFA. As part of the program, the Internal Revenue Service requires CHFA to develop a document called the Qualified Allocation Plan (“QAP”) to specify policy priorities and eligibility criteria for awarding the LIHTCs, which occurs annually through a competitive application process.

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Every one to two years, CHFA convenes a wide range of housing experts, advocates, developers, and policymakers to discuss these priorities and criteria for the coming application period. Because the amount of credits available is based on the per capita population of Connecticut, the LIHTC is extremely competitive. In many ways, the discussions around the QAP reflect the challenges that Connecticut’s communities are facing when it comes to affordable housing: whom do we seek to help, where should we invest our resources, how do we build sustainably for the future? In the case of the QAP for 2022, CHFA is prioritizing development in communities that currently lack access to affordable housing.

Specifically, the plan seeks to promote more inclusive housing opportunities in towns where less than ten percent of the current housing stock is deed restricted as affordable. The QAP also promotes development in communities with better performing schools, lower concentrations of poverty and better access to employment —qualities that are not readily available to many lower-income households in

Connecticut. Although not without its flaws, this QAP is the most meaningful attempt yet by the state to intentionally push back against the forces of exclusion and discrimination that have locked generations out of the ability to access a decent education, stable employment, and a safe place to call home.

To be sure, there is no panacea to cure us of the lingering effects of our troubled housing past. Fortunately, the state has more than just LIHTCs to assist in creating and preserving affordable housing. Whether addressing decades of disinvestment in our urban centers or creating new housing opportunities in suburban and rural towns, our methods must be flexible and creative but our collective vision must be clear. If we work together to use all the tools we have at our disposal, we can start to unwind our past and begin to build toward an inclusive, equitable future that matters to everyone. To once more quote Dr. T, “the opportunity [is] here in this moment, to make the strongest possible case that we can about why housing matters, why it requires all of us leaning forward and benefits all of us when we work together.”

*Nandini Natarajan is the CEO and Executive Director of the Connecticut Housing Finance Authority, a quasi-public organization whose mission is to alleviate the shortage of housing for low- to moderate-income families and persons in the state.*

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