

2018

A Look at Rural Housing In Connecticut



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Rural Housing in Connecticut

In Connecticut, much of the analysis done following the financial crisis has focused on the statewide impact and recovery. Less attention has been paid to individual counties, or the State's very distinct urban, suburban, and rural communities. This report takes a closer look at how rural towns throughout Connecticut were impacted by and have recovered from the financial crisis by looking at Census data from 2011 and 2016.

Defining Rural:

There is no consensus definition for what constitutes a rural town or area. The USDA, HUD, Census, and myriad other Federal Agencies all use varying definitions. These are often based on population, density, a combination of population and density, or proximity to a metropolitan statistical area (MSA). The lack of a singular definition likely reflects the degree to which "rural" varies depending on regional location within the United States, as well as the difficulty in clearly delineating suburban and rural communities from one another. For the purpose of this analysis and report "rural" is defined as all towns in the State with a population of less than 15,000 people. This threshold was used so as to maintain consistency with a past CHFA rural housing report, to coincide with the semi-official Office of Rural Health, and because with very few exceptions the towns in Connecticut which meet this criteria are consistent with common sense concepts of "rural". Ninety-three towns fall below this population threshold. When referencing Connecticut's eight counties this report therefore only refers to the rural towns within them. Below is a table with the full list of towns:

Fairfield County	Hartford County	Litchfield County	Middlesex County	New Haven County	New London County	Tolland County	Windham County
Sherman	Hartland	Canaan	Chester	Bethany	Franklin	Union	Eastford
Easton	East Granby	Colebrook	Middlefield	Beacon Falls	Lyme	Andover	Scotland
Redding	Marlborough	Cornwall	Deep River	Middlebury	Bozrah	Bolton	Hampton
Weston	Burlington	Warren	Killingworth	Woodbridge	Voluntown	Columbia	Chaplin
New Fairfield	Canton	Norfolk	Essex	Prospect	Sprague	Willington	Sterling
	East Windsor	Bridgewater	Westbrook	Oxford	Salem	Hebron	Pomfret
	Granby	Roxbury	Durham	Derby	Lisbon	Somers	Ashford
	Windsor Locks	Morris	Haddam	Orange	Preston	Stafford	Canterbury
		Sharon	East Haddam	North Branford	North Stonington	Coventry	Woodstock
		Goshen	Portland		Lebanon	Tolland	Brooklyn
		Kent	Old Saybrook		Old Lyme		Thompson
		North Canaan	East Hampton		Griswold		Putnam
		Washington	Clinton				
		Bethlehem	Cromwell				
		Barkhamstead					
		Salisbury					
		Harwinton					
		New Hartford					
		Thomaston					
		Litchfield					
		Woodbury					
		Winchester					
		Plymouth					

Data and Calculations:

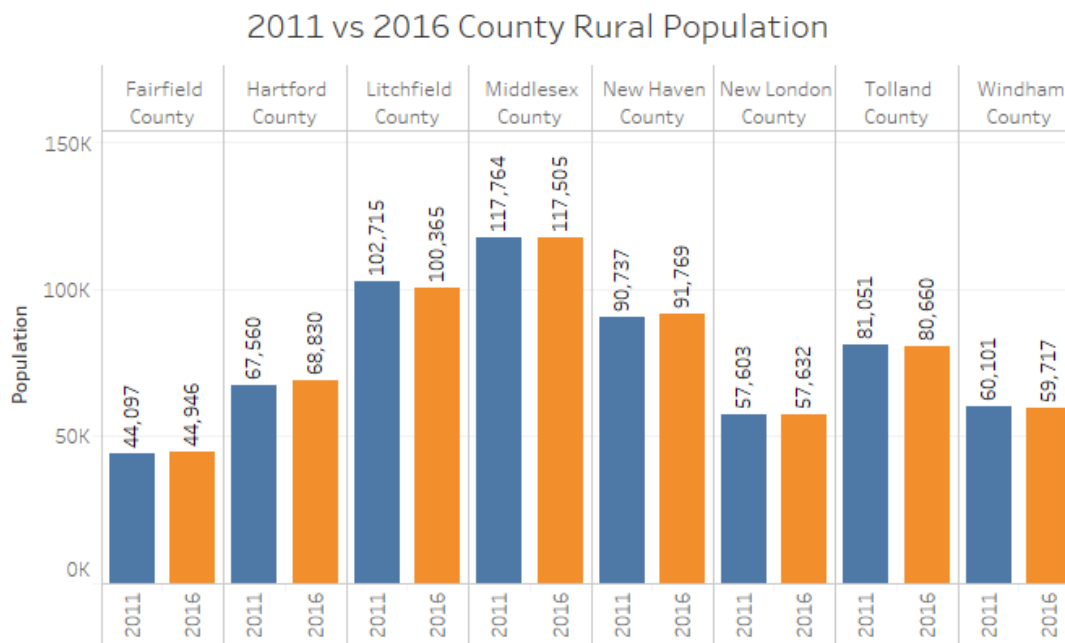
All underlying data used in this analysis was collected from the Census Bureau's American Community Survey (ACS). Five-year estimates were used in order to improve accuracy, but it should be noted that in many cases the sample populations were still very small, and the margin of error was often significant.

The two years reviewed for this report were 2011 and 2016. The 2011 estimates should provide insight into the state of housing during the financial and housing crises, while the 2016 estimates show the State as it moves into recovery.

In order to better compare trends across the State and to enable county-level analysis, the data for each town has been grouped under the county to which it pertains and countywide sums and averages have been calculated.

Population:

Population growth in Connecticut is low, as it is throughout the rest of New England. Between 2011 and 2016 the state's total population increased by just under 1%. The entirety of this increase was concentrated in urban and suburban towns though, with the rural population actually seeing a slight decline. In 2016 the rural population in the state totaled 621,424. Middlesex and Fairfield County are the two largest in terms of population, and when combined with New Haven County they account for just under 50% of the total rural population in Connecticut. Four counties experienced slight growth in population during this time, while four saw populations decline. In all cases the change in population in either direction was less than 3%. It's interesting to note that of Connecticut's 169 cities and towns, 93 towns, or 55% qualify as rural by our definition. Even so, the total population among these towns constitutes only 17% of the state total.



Age:

Rural towns in Connecticut have populations markedly older than the State as a whole. The average of median ages across all rural towns is 46.5, compared to 40.6 statewide. This is consistent with national data showing that younger age cohorts, and millennials in particular are choosing to live in urban areas at higher rates than previous generations.

Only 7 rural towns are below the state median age, and 17 have median ages above 50. Among non-rural towns there is just one (Southbury) with a median age over 50. While the median age for every county is above the state median, the counties vary to a fairly large degree among themselves. At 43.1 years, Hartford County has the youngest overall population. Windham and Tolland have the oldest populations, with median ages of 49.9 and 49.5. The remaining counties are clustered around a median of 46 years. Looking at more granular age cohorts, these same groupings remain consistent. Hartford County has the lowest proportion of residents 65+ and the highest proportion between 18 and 44. For those under 17 years it falls in the middle. Conversely, Tolland and Windham Counties have the lowest proportion of residents under 17, and between 18 and 44, and the highest proportion of residents 65+.

Median Age

County	
Hartford County	43.1
Fairfield County	44.8
New Haven County	45.7
Litchfield County	46.3
Middlesex County	46.3
New London County	46.6
Tolland County	49.5
Windham County	49.9

Percent of Total Population by Age Cohorts

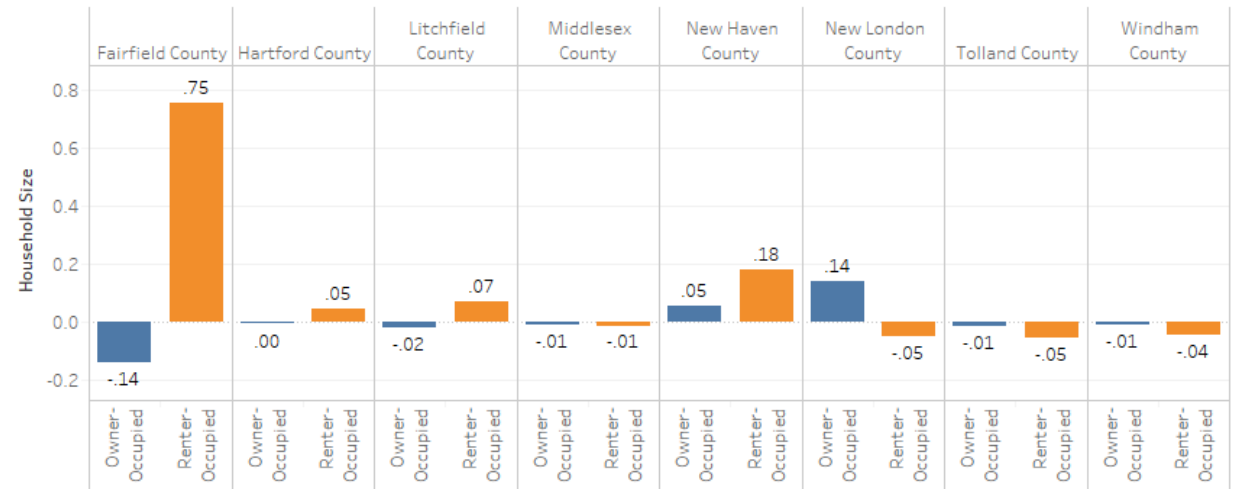
County	Under 17	18-44	65+
Hartford County	21.0%	34.4%	15.6%
New Haven County	21.2%	32.4%	16.8%
Litchfield County	21.3%	32.1%	17.3%
Fairfield County	21.6%	33.4%	17.4%
New London County	20.4%	32.0%	18.2%
Middlesex County	20.7%	30.9%	18.4%
Windham County	18.2%	28.1%	20.4%
Tolland County	17.6%	28.4%	21.4%

Household Size:

The average household size of owner-occupied properties among rural towns in 2016 was 2.63. This was identical to the statewide average, and slightly smaller than for the 10 biggest cities (2.75). In line with relatively stagnant population growth, the 2016 household size showed almost no change relative to 2011. This is equally true for the entire state and for the 10 biggest cities.

Of the rural counties, the only outlier in this regard was Fairfield County: In 2016 the average household size of renter-occupied properties increased by 0.75 to 2.68, well above the rural average of 2.19. This is particularly significant because in 2011 Fairfield had the second smallest average household size for renter-occupied properties (1.93). No other county saw a significant increase in the size renter-households. This increase signifies almost one additional person per renter-household. The reason for this change is unclear, but it could be due to declining homeownership among families with children in rural Fairfield. It's possible that due to affordability issues young couples and families that would have traditionally purchased homes in this area are choosing to continue renting instead.

2011-2016 Change in Household Size

**Income:**

Statewide, the average of median household incomes was \$86,771 in 2016. Among rural towns the average was very similar at \$88,813. In both areas this represented a 4% increase from 2011. By comparison, the 2016 average median income in the State's 10 biggest cities was \$65,094. While rural Connecticut as a whole was consistent with the state median, income varied significantly between counties. Fairfield County's average of median household income was \$138,842, whereas Windham's was \$76,337. The remaining 6 counties were all between \$80,000 and \$100,000. Hartford was the only county to see a decrease in income during this period, and Litchfield and Windham County (with the two lowest average median income levels) saw the largest proportional increase in income between 2011 and 2016 (6.8% and 6% respectively).

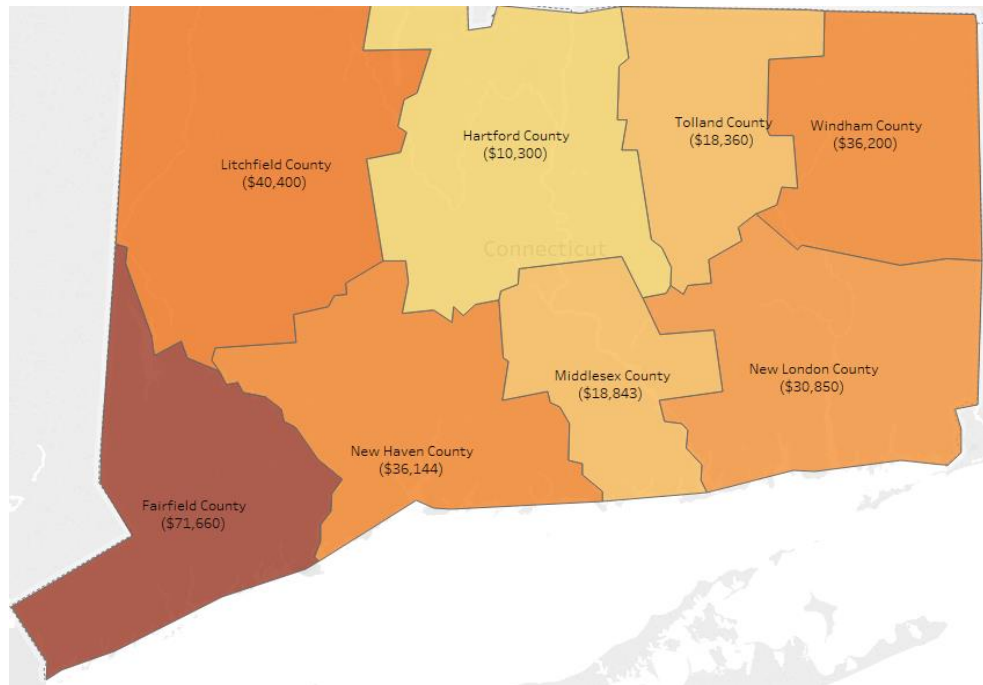
Average of Median Household Incomes

	Fairfield County	Hartford County	Litchfield County	Middlesex County	New Haven County	New London County	Tolland County	Windham County
2016	\$138,842	\$92,116	\$82,399	\$88,547	\$97,863	\$82,014	\$91,269	\$76,337
2011	\$136,650	\$87,705	\$77,133	\$85,035	\$95,479	\$80,225	\$89,506	\$71,948
Change	\$2,192	\$4,410	\$5,265	\$3,512	\$2,384	\$1,789	\$1,763	\$4,389

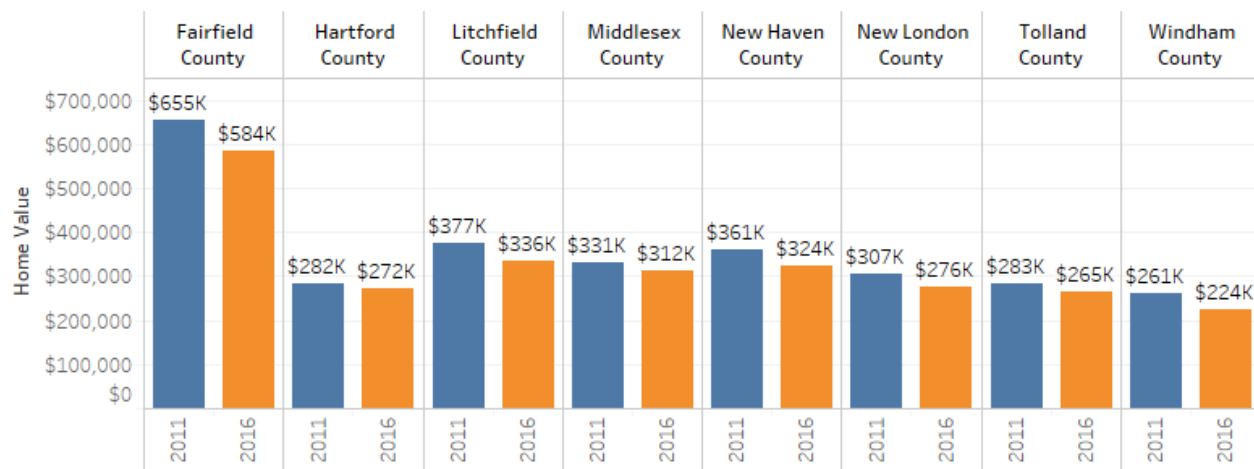
Home Values:

By 2016 rural home values still had not recovered from the financial crisis. The average of median home prices across rural Connecticut fell \$31,690 from \$341,130 in 2011 to \$309,440 in 2016. This represents an average loss of almost 10%. Statewide the percentage loss in home value was nearly identical, while it was slightly larger in the cities (12%). Although decreased home values and slow recovery were consistent across all eight counties the magnitude of the changes varied significantly. Hartford County experienced only a 3.7% decrease in average median values, compared to Windham County which saw the largest decrease, with a 13.9% loss in value. Fairfield, Litchfield New Haven, and New London

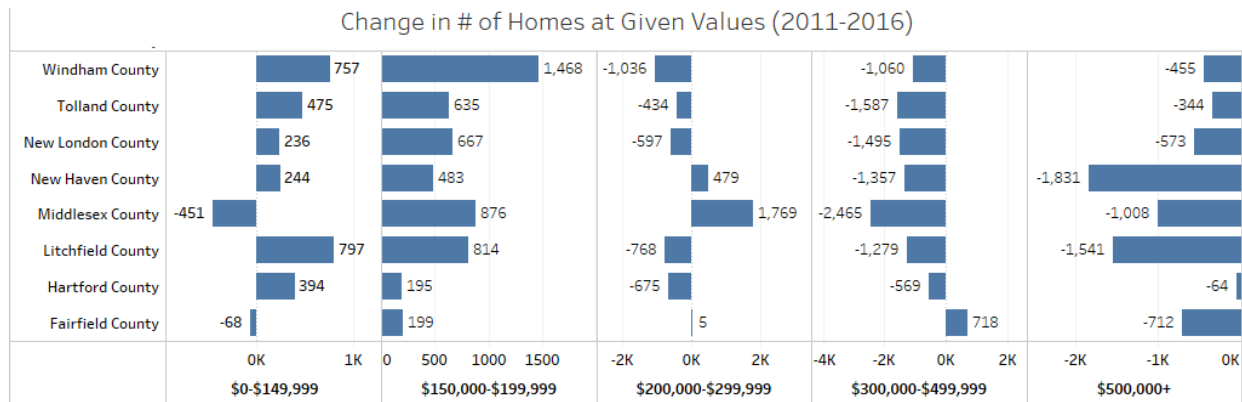
counties all had decreases of about 10%, in line with the statewide average. Along with Hartford, Middlesex (5.7%) and Tolland (6.48%) were the least negatively affected counties.



Average of Median Home Values (Owner-Occupied)

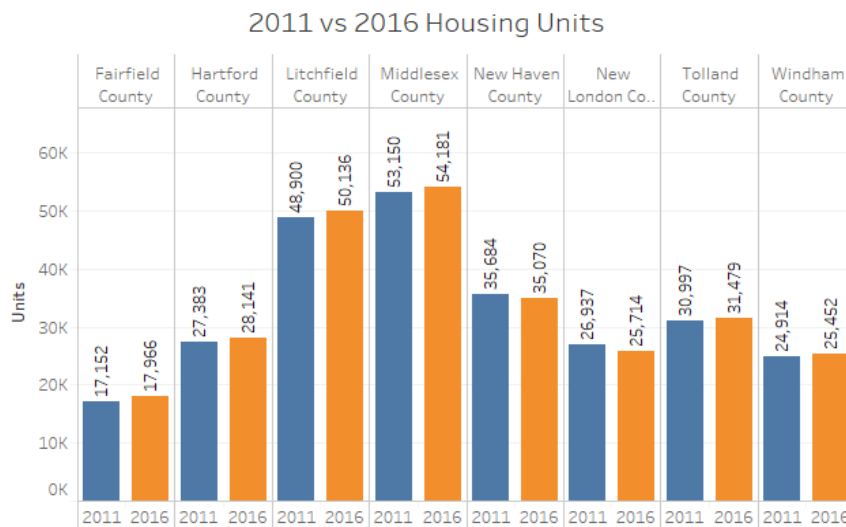


Regarding the distribution of home values, every county experienced a sizeable decrease in the number of units valued at over \$500,000, and all but one (Fairfield) saw a reduction in the number of homes in the \$300,000-\$500,000 range. Six of the eight counties saw an increase in homes valued below \$150,000, and the total number of homes valued between \$150,000 and \$200,000 increased significantly in every county. These trends indicate that home values at the high end of the market have been those most severely impacted by the mortgage crisis. In Connecticut's rural counties in particular these homes constitute a sizeable portion of the total housing stock.



Housing Units:

Between 2011 and 2016 the total number of housing units within rural Connecticut increased by 3022 units to reach a total of 268,139. This represents a 1.1% increase in the total housing stock relative to 2011. Statewide the total increase was less than 1%, while the State's 10 largest cities' housing stock actually decreased by about 1.5%. While this data would seem to indicate that housing construction in rural areas is outpacing the rest of the state, this may not be the case. More detailed information regarding new construction and demolition of existing structures would be necessary in order to draw conclusions about the pace of construction relative to other parts of the state. Additionally, as will be shown below, the vacancy rate among rural towns increased during this same period, indicating that the increase in housing units is not due to increased demand for housing. Rather, it's likely that existing structures, perhaps older or in ill repair are being abandoned in favor of newer ones.



At the county level, this same slight increase in total housing units is mirrored by six counties, with Fairfield experiencing the largest percentage increase – 4.7%, or 814 new units. New London and New Haven were the two counties to see their housing stock decline during this period. New Haven’s loss was comparatively small, at 1.7%, whereas New London’s stock decreased by 4.5%, or 1223 units.

2011-2016 Change in Housing Units

County	Change in Housing Units	% Change
Fairfield County	814	4.56%
Litchfield County	1,236	3.70%
Middlesex County	1,031	3.06%
Hartford County	758	2.76%
New Haven County	-614	-0.65%
Tolland County	482	-0.93%
Windham County	538	1.03%
New London County	-1,223	-4.37%

Age of Housing Stock

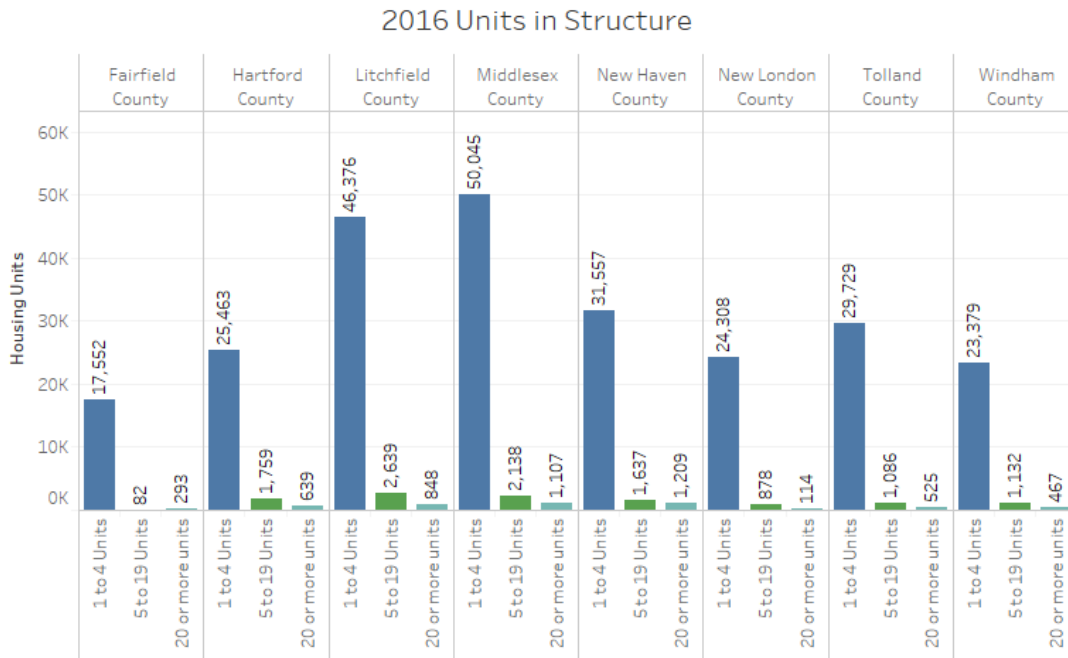
Regarding the year of construction for housing units in rural Connecticut, it is relatively evenly distributed in 10 year increments between 1950 and 2010, with the highest proportion of homes built 1970-1979 and 1980-1989. Looking at more recent construction, the percent of structures built after 2000 was between 10 and 13% for all counties, and stood at 11.5% rural-wide. For comparison, across all of Connecticut 8.1% of structures were built after 2000. In the 10 largest cities this figure was 16.6%.

Housing built in 1939 or before was the single largest group across rural towns, totaling 19.8%. Litchfield County has the highest proportion of these structures, as they make up 28% of housing structures in the county. On the other end of the spectrum, only 11% structures in Hartford County were built in this time period. Interestingly, there are two distinct groups among the counties regarding this statistic: In Tolland, New Haven, Hartford, and Fairfield structures from 1939 or before make up no more than 16% of the total, and are primarily concentrated around 11%. Conversely, these structures constitute 20% or more of the total in Windham, New London, Litchfield, and Middlesex counties.

County	1939 or Earlier	1940-1949	1950-1959	1960-1969	1970-1979	1980-1989	1990-1999	2000-2009	2010 or Later
Fairfield County	16.2%	5.9%	13.6%	16.2%	16.8%	12.1%	9.2%	9.6%	0.5%
Hartford County	11.3%	5.1%	14.7%	10.8%	15.5%	18.0%	11.8%	12.1%	0.8%
Litchfield County	28.5%	5.4%	10.9%	8.9%	13.4%	13.9%	9.2%	9.0%	0.8%
Middlesex County	21.6%	5.1%	12.0%	11.6%	14.3%	13.7%	10.2%	10.6%	1.0%
New Haven County	11.9%	7.9%	16.6%	14.1%	12.4%	13.0%	12.1%	10.5%	1.4%
New London County	19.6%	4.3%	10.7%	12.9%	14.5%	16.5%	10.3%	9.7%	1.4%
Tolland County	12.6%	4.5%	11.8%	13.0%	14.8%	16.8%	13.7%	10.9%	1.9%
Windham County	20.1%	3.7%	9.0%	9.5%	12.3%	18.7%	13.6%	12.1%	0.9%

Units in Structure:

One to four unit structures comprise the vast majority of housing in rural Connecticut, constituting 92.6% of all structures. Of these structures, detached single family units are the largest single group, and make up about 81.6% of the total. Statewide, one to four unit structures make up 81.5% of the total stock, and in the biggest cities these structures account for only 69.8%. This disparity is amplified when looking at only 1 unit detached structures: statewide these are 59.1% of the total, while in the largest cities they make up only 34.6% of the total. While it is not surprising that stand-alone houses are overwhelmingly the largest single type of structure in rural towns, the implications of a lack of diverse housing options are important: Rural Connecticut has an old and ageing population. As these residents age many of them may prefer to downsize and move into condos or housing communities. Similarly, younger generations have clear preferences for homes in higher density areas that are walkable and close to amenities and services. Without housing that meets these needs and preferences it's possible that rural towns and counties will see their elderly residents move elsewhere and will not be able to attract younger residents.

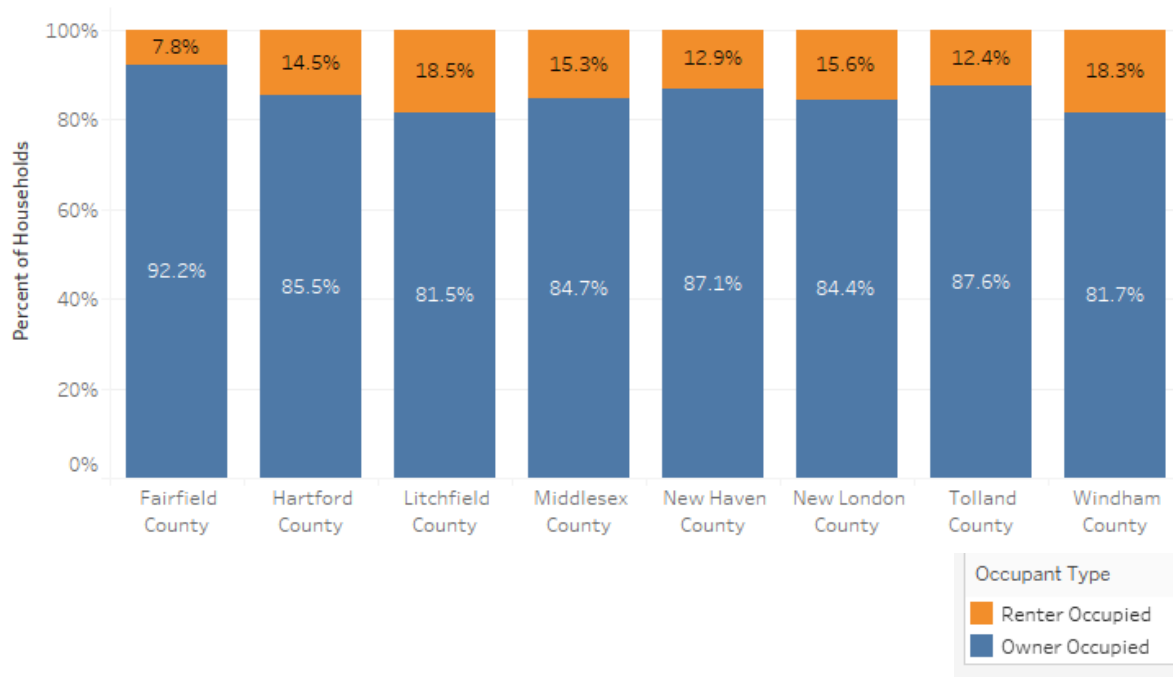


Occupancy:

As one would expect with rural communities the ratio of homeowners to renters is very high. In 2011 84.5% of housing units were owner-occupied. Statewide that ratio drops to 68.9%, and in the 10 biggest cities it stands at 49%. Rural-wide there was very little change in 2016 – only a 0.9% decrease in owner-occupancy to 83.6%. Across the state and in the biggest cities the increase in renter-occupied units was greater (2.4 and 3%). Rural New Haven County experienced the largest rental growth, seeing their rate of renter occupancy increase by 2.3%.

While the rate of homeownership in each county is higher than the state average there is a fair deal of variation among the counties. In 2011 Fairfield County had the lowest proportion of renters (7.8%).

Litchfield and Windham had the two highest proportions of renters (18.5% and 18.3%), more than double that of Fairfield. The comparatively high rate of renter households in rural Windham County is unsurprising as it is the least affluent of all the counties. Litchfield County's high rental rate seems more surprising, due to its geographic isolation from metropolitan areas and general association with wealth. However, rural Litchfield actually has the second lowest average of median incomes among Connecticut's counties.



Vacancy:

The vacancy rate in rural Connecticut is 2 percentage points higher than the state average, and increased at a slightly greater rate between 2011 and 2016. Across all rural towns the vacancy rate grew from 9.8% to 11.3% by 2016. Statewide, the increase was 1% - from 8.3% to 9.3%. While a slight increase in vacancy occurred in seven of eight counties (vacancy declined in New London County), the rate itself varied significantly between counties. At 18.6% Litchfield County's vacancy rate was more than three times that of Hartford (5.5%) and New Haven (5.8%).

Homeowner and rental unit vacancy rates are almost identical to the state average, and are traditionally proportional. In 2016 Homeowner unit vacancy was 1.6%, and rental unit vacancy was 5.6%. There was a fair deal of variation in these rates between counties, and within the same county from 2011 to 2016. In Windham County, for instance, the rental vacancy rate more than doubled from 4.2% to 8.7% during this period. New Haven County experienced a similar increase, from 4.4% to 8.2%.

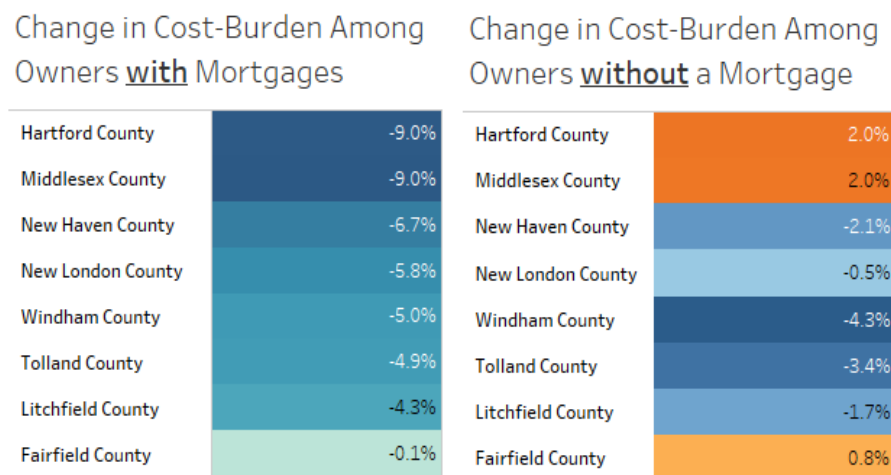
Considering that rural-wide there was almost no fluctuation in either renter or homeowner vacancy it seems unlikely that there would be such significant changes within any county. The data used to calculate these vacancy averages had very large margins of error, so further data collection and analysis to check and verify this figures would be advisable.

Cost Burden:

Cost-burdened is defined as any household (renter or owner) paying 30% or more of its gross monthly income towards rent or mortgage, utilities, and insurance. Statewide 34% of owners and 49.5% of

renters meet this criterion. On a whole, and in all counties, rural populations are cost-burdened at lower rates than the state average. These numbers are particularly favorable when looking at owner households with mortgages: In Hartford and Middlesex County the percent of cost-burdened owners dropped by 9%. In Litchfield, New Haven, New London, Tolland, and Windham County the decrease ranged from 4.3% to 6.7%. Only Fairfield County did not experience a significant decrease in cost-burdened owners with mortgages (0.1%). Averaged out among all rural towns this represents a 6.9% increase in owner households paying less than 20% of their gross monthly income towards mortgage, utilities, and insurance, and a 5.7% decrease in cost-burdened households.

Although such a sizeable decrease in cost-burdened households is certainly a positive, it's worth noting that this is likely due primarily to significantly reduced home values, and therefore lower mortgages, rather than as a result of increased wages or economic improvement. This premise is borne out when changes in cost-burden among households without mortgages is considered: The largest percentage decrease in cost-burdened owners is in Windham County, but totals only 4.3% (less than half the decrease among households with mortgages). In Fairfield, Middlesex, and Hartford County the proportion of cost-burdened owner households without mortgages actually increased. Since these households don't pay a mortgage, decreased home values would have less of an impact on their monthly costs, and without reductions in utility prices or insurance costs, we would expect their costs to decrease less relative to households with mortgages.



Renter Cost Burden:

As mentioned above, 49.5% of renters across all rural towns are cost-burdened. This is significantly higher than the 34% of homeowners, which is to be expected considering the traditional income disparity between renters and homeowners. Statewide between 2011 and 2016 the percentage of cost burdened renters did not change significantly, increasing only 1.1% from 48.4%. At the county level there were considerable changes however: Hartford County and Middlesex County experienced 5 and 11 point increase respectively in the percentage of cost-burdened renters. The shift in Middlesex County is particularly noteworthy because in 2011 at 42% the rate of cost-burden was one of the lowest in the State. The increase by 2016 to 55% was then the highest of any county. During this same period neighboring New Haven County's rate of cost-burden dropped by 8% to 45%. New Haven had the highest proportion of cost-burdened renters in 2011, but had fallen to below the state average by 2016.

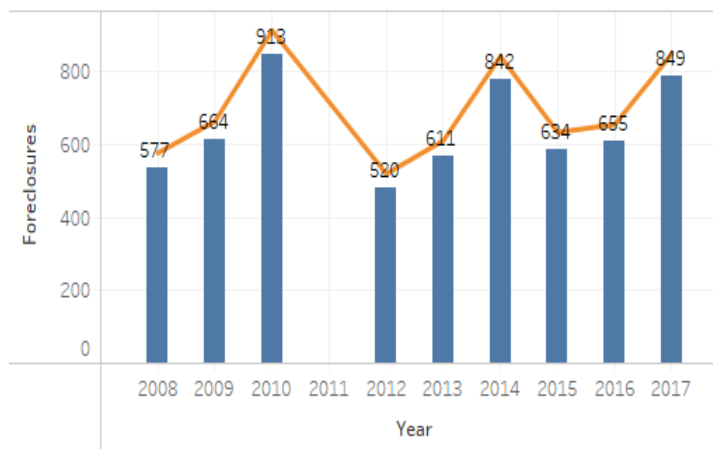
Percent of Cost-Burdened Renters

County	2011	2016	Change
Fairfield County	35.4%	38.8%	3.4%
Hartford County	41.7%	47.7%	5.9%
Litchfield County	46.1%	46.1%	0.0%
Middlesex County	42.0%	54.8%	12.7%
New Haven County	53.5%	45.0%	-8.5%
New London County	50.3%	49.5%	-0.7%
Tolland County	48.6%	48.4%	-0.2%
Windham County	44.3%	47.2%	2.9%

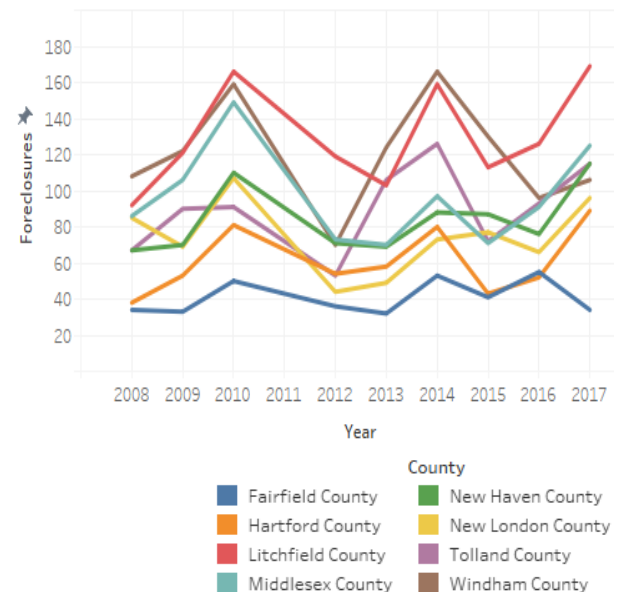
Foreclosures:

Foreclosure data between 2008 and 2017 indicates cyclical trends of high foreclosure years followed by immediate steep declines. The average number of foreclosures between the high years of 2010, 2014, and 2017 is 868, compared to 610 for the remaining years in this period. This cyclical pattern is mirrored at the county level, with the only deviation being Fairfield County which saw foreclosures peak in 2016 rather than 2017. While all counties show the same trend, some account for a disproportionate amount of foreclosures considering their population and housing stock. In 2014, Windham County, which has the second smallest total housing stock and third smallest population, had the most foreclosures of any county. Middlesex County, with a population double that of Windham County and almost twice as many housing units had 97 foreclosures, while Windham had 166. This likely indicates that Windham County has been hit hardest by the housing crisis and that Middlesex County has fared better than much of the state.

Statewide Rural Foreclosures



Total Foreclosures by County



Loan Origination and Denial:

In 2017 there were 5120 applications for mortgages. Of those, 3707 (or 72%) were originated, and 531 (or 10%) were denied. Broken down into income levels, we see that 50%-<80% of AMI applicants make

up more than fifty percent of all applicants as well as originated loans. This income group had 74% of applications originated, with 9.6% denied. Interestingly, the origination rate for applicants with 80%-<100% of AMI was just 1 percentage point higher, at 75%, yet only 7.7% of these applications were denied. This disparity is further magnified for applicants with <50% AMI: only 67% of these applications result in loan originations (7 and 8 points lower than for the higher income applicants), and 18% of them are denied. These figures vary slightly between counties, but they are all centered around the average. Consistent with their lower average incomes, Litchfield and Windham Counties have the highest proportion of applicants with less than 50% of the area median income (20% and 21% respectively). In general however, this is within a few percentage points of the other six counties.

Origination and Denial Rates by Applicant Income as a % of Area Median Income (AMI)

County	<50% Origination	<50% Denial	50-<80% Origination	50-<80% Denial	80-<100% Origination	80-<100% Denial
Fairfield County	69.2%	7.7%	81.3%	6.3%	70.0%	12.5%
Hartford County	71.5%	10.9%	75.5%	10.0%	75.4%	6.4%
Litchfield County	65.4%	20.3%	71.2%	10.6%	73.3%	11.2%
Middlesex County	59.3%	22.1%	73.5%	8.8%	75.4%	6.7%
New Haven County	65.7%	21.0%	75.0%	6.7%	63.3%	4.1%
New London Cou..	70.2%	10.5%	69.9%	11.4%	80.4%	7.4%
Tolland County	66.7%	14.3%	72.5%	11.0%	74.1%	6.8%
Windham County	65.8%	20.5%	71.4%	9.9%	74.4%	12.8%