



Housing Growth Fund

What is the Housing Growth Fund (HGF) and Why Do We Need It?

Connecticut is in a housing crisis. A shortage of housing at all levels of the market is accelerating rent increases, suppressing home sales, increasing housing insecurity, and stifling Connecticut's economic growth. We need to build more homes in Connecticut — and cities and towns have a direct role to play in making sure we do.

The Housing Growth Fund would reverse the current trend by paying municipalities for the housing that they build. Too much of Connecticut's housing shortage is due to overly restrictive municipal regulations on homebuilding, preventing new development almost everywhere. We should reward the towns that are building needed homes in our state, and we should incentivize towns that are not. The Housing Growth Fund recognizes municipalities' desire to plan at the community level—but also recognizes the state's need for more homes and the economic advantages that the state gains from investing in more housing.

How would the HGF work?

1. **Towns submit housing growth data to the Department of Economic and Community Development (DECD):** In addition to the overall housing permit data that DECD already collects, towns that want to receive HGF funding would submit relevant details on approved units so DECD can calculate their HGF score (outlined below).
2. **DECD determines eligible towns:** Towns would be eligible to receive funding from the Housing Growth Fund if they meet one of the following two conditions:
 - a. The town has approved at least 2% of the state's total housing permits and the town's total permits are at least triple its total demolitions; OR
 - b. The town's poverty rate is above the state's average.
3. **DECD calculates municipal HGF scores:** DECD would apply the following multipliers to relevant approved homes in a municipality:
 - a. If municipal poverty is less than the state average, deed-restricted affordable: 3X
 - b. If municipal poverty is at the state average or above: 3X for any housing unit
 - c. Within ½ mile of transit: 2X
 - d. Part of a mixed-use development: 1.5X
 - e. Part of a mixed-income development: 1.5X
 - f. Developed by, or in partnership with, a Public Housing Authority: 2X

DECD would then add up the total points to calculate the municipality's HGF score.

4. **DECD proportionately allocates HGF funding:** DECD would allocate annual HGF funding to towns based on their proportion of the total of all the eligible HGF scores.

Where would the money go?

If the Housing Growth Fund had been in place over the last five years, the following towns would have received funding:

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|-----------------|---------------|-----------------|-----------------|
| ● Ansonia | ● Groton | ● North Canaan | ● Stonington |
| ● Bridgeport | ● Hartford | ● Norwalk | ● Torrington |
| ● Bristol | ● Killingly | ● Norwich | ● Vernon |
| ● Danbury | ● Mansfield | ● Oxford | ● Waterbury |
| ● Darien | ● Meriden | ● Sharon | ● West Hartford |
| ● Derby | ● Middletown | ● Shelton | ● West Haven |
| ● East Hartford | ● Milford | ● Simsbury | ● Westport |
| ● East Windsor | ● New Britain | ● South Windsor | ● Willington |
| ● Ellington | ● New Haven | ● Southington | ● Winchester |
| ● Fairfield | ● New London | ● Sprague | ● Windham |
| ● Greenwich | ● Newtown | ● Stamford | ● Windsor Locks |

How will this help us solve the problem?

Connecticut needs to build more homes. Quite simply, the Housing Growth Fund is a reward for the towns that are and an incentive for the towns that are not yet contributing to meeting this need. The state needs to do more, to encourage zoning reforms and protect tenants, but the Housing Growth Fund goes a step further by rewarding the actual approval of homes and by funding towns' housing growth to build virtuous cycles of development and investment.

Some say that we need more taxpayers, not more taxes — but we can't add more taxpayers if there are no homes for them to live in. The state has an economic incentive to reward the towns that are building housing and to encourage future housing development at all price points, and many towns experience fiscal shortages and property tax losses due to non-taxable property and historical redlining and disinvestment. The state should reward the towns that are building homes, creating a virtuous cycle of development, equitable investment, and growth that will boost both the state and the towns and build a fairer, more equitable, more prosperous Connecticut.

Despite the state expenditure at its root, the Housing Growth Fund has the potential to be revenue neutral. At a \$50 million annual appropriation, it only needs to encourage an additional 3,500 units in annual permitting (returning the state to the number of units annually permitted in the mid-1990s) to generate more than that \$50 million in income and sales tax revenue for the state.



Growing Together Connecticut is a movement to create growth, opportunity, and justice in housing and beyond all across Connecticut! For more information, please visit www.growingtogetherct.org.