



OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

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GENERAL ASSEMBLY BACKS NAPPIER PROPOSAL TO CREATE \$100 MILLION HOUSING TRUST FUND FOR ECONOMIC GROWTH AND OPPORTUNITY

Trust Fund would expand affordable housing, help working families, state economy

Just five months after State Treasurer Denise Nappier called for the establishment of a *Housing Trust Fund for Economic Growth and Opportunity*, the General Assembly passed legislation this week to establish a statewide housing trust fund for the first time in state history.

Nappier praised the General Assembly, saying that establishment of the \$100 million trust fund will provide a critical source of financing that will help to address the drastically low availability of affordable housing across Connecticut.

"As State Treasurer, I know how to weigh the value of an investment," said Nappier. "The commitment of \$100 million through this trust fund is going to help not only working families, but also businesses that are currently unable to attract and retain workers in a state with one of the highest housing costs in the nation."



The \$100 million trust fund, which would be administered by the Department of Economic and Community Development, will be funded by general obligation bonds and will provide up to \$20 million per year for five years to create additional housing throughout the state, according to the legislation. The experiences of other states with similar trust funds suggest that for every \$1 of state funding from the Housing Trust Fund, the program could yield between \$10 and \$12 in additional housing development, which could translate into additional economic activity reaching \$240 million annually.

The Treasurer noted the significant efforts of the housing community advocating the proposal throughout the legislative session and the bi-partisan support the plan ultimately achieved. "These are the people on the frontlines, working to create and rehab housing on a variety of levels," said Nappier. "Their efforts played an integral part in demonstrating the importance of establishing the trust fund, and its passage is a victory they share."

Diane Randall, Executive Director of the Partnership for Strong Communities, said "The Treasurer recognized the critical need to address housing affordability as a part of a growing economy for our state. And she understands the importance of state investment to leverage private investment to create new home ownership and entry housing opportunities."

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Following legislative passage, Nappier also noted the diligent efforts of the Office of Policy and Management's Secretary Robert Genuario, as well as the Governor's Office, in urging approval of the housing trust fund. The Treasurer's initial proposal was revised by the General Assembly, which changed the funding mechanism and time period for issuance of bonds.

The *Housing Trust Fund for Economic Growth and Opportunity* will create housing by providing critical "gap" financing in the form of loans and grants to build housing for low- and moderate-income working families. Other housing efforts in this legislative session included proposals to fund efforts to rehabilitate the state's moderate rental housing and to build supportive housing, which provides shelter and support systems for individuals with substance abuse, mental health and other debilitating issues.

When Nappier proposed creation of the housing trust fund in February, she was joined by business leaders, including Webster Bank President James Smith, economists and housing advocates who highlighted the serious need for more affordable housing in Connecticut. In testimony before the legislature earlier this year, business leaders pointed to high housing costs as a disincentive when trying to attract and retain workers, especially those in the 25-44 age range. Economists said that businesses would neither choose to locate in Connecticut or expand in the state if they could not find skilled workers.

The Treasurer cited a critical shortfall in affordable housing and the resulting impact on families and businesses as a key impetus for her proposal. She said that housing has become so expensive in Connecticut that low- and middle-income workers often cannot afford to buy or rent adequate housing, noting that in Connecticut, the average housing wage of \$18/hour is higher than the median wage of about half the workers in the state.

In their testimony at a legislative public hearing, Bruce Blakey, Corporate Economist for Northeast Utilities, and Nicholas Perna, Economic Advisor to Webster Bank, cited Connecticut as having the 6th most expensive housing in the nation. They pointed out that this was not a problem only in the traditionally high cost area of Fairfield County, but that workers are being priced out of housing in Norwich, the Naugatuck Valley, south central Connecticut and southeast Connecticut.

"Housing is not just about housing anymore," said Nappier. "It is about creating jobs, growing our economy and providing capital that will lead to more affordable housing for working families" said Nappier. "There is simply no more prudent investment we could make."