

# KEY FINDINGS: Klepper-Smith Study

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## Cost/Wage Gap

Between 2000 and 2004, Connecticut housing costs have risen 49.7% while wages have risen 12.6%. That gap has widened further in 2005.

## Huge Affordability Problem

257,000 Connecticut households earn less than 80% of median income, and pay more than 30% of their incomes for housing—but those incomes are now solidly in the skilled, educated, middle-income range.

(Note: 80% of Median Household Income (MHI) for a 3-person household now ranges from \$51,350 in Windham County to \$62,250 in Stamford/Norwalk.)

16 of the 20 Connecticut occupations projected to grow the fastest through 2012 won't be able to afford a typical 2BR apartment.

(Note: June 2005 CT Association of Realtors data shows Connecticut's median home sales price is \$328,000, requiring qualifying income of \$100,697; approximately three in four of the state's households fall below this level).

## Key Population Groups Leaving Connecticut

While the state's 35-59-year-old age group expanded by 14-35% from 1990 to 2000, 20-34-year-olds declined well over 20%, significantly more than the national average. That population group is projected to continue declining.

## Potentially Damaging State Revenue Impact

Because many households cannot find housing they can afford, many skilled, educated workers will continue leaving the state. Based on a reasonable assumption that 10-15% of those burdened by their housing situation will leave CT, the state will lose between \$29 million and \$133 million in annual sales and income tax revenue, depending on whether those leaving have average incomes of 50% to 100% of median income.

## Business Exodus

Businesses are unlikely to stay or expand in Connecticut if they cannot find skilled labor. Many businesses are already experiencing labor shortages that will grow as older workers retire and there are too few younger workers to replace them.

## Potential "Opportunity Cost" Totaling "Tens of Millions" of Dollars

Connecticut will pay an untold, invisible "opportunity cost" of tens of millions of dollars because high housing costs will deter businesses and jobs from ever coming here.

## Potential Upside

Creating new housing that is affordable through construction of new units, rehabbing of units, rent subsidies and low-cost mortgages will result in 7,178 new jobs and \$515 million in new economic activity for every 1,000 new units created.

