PARTNERSHIP FOR STRONG COMMUNITIES

Partnership for Strong Communities promotes equitable change in Connecticut housing policy by coordinating advocacy, advancing research, and uniting diverse partners

TESTIMONY BEFORE THE HOUSING COMMITTEE
SEAN GHIO, POLICY DIRECTOR
PARTNERSHIP FOR STRONG COMMUNITIES
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S.B. No. 1422 AN ACT REQUIRING THE CONNECTICUT HOUSING FINANCE AUTHORITY TO UPDATE THE CONNECTICUT OPPORTUNITY MAP.

Representative Felipe, Senator Marx, Representative Scott, Senator Sampson and distinguished members of the Housing Committee, thank you for the opportunity to submit testimony today. I am Sean Ghio, Policy Director at Partnership for Strong Communities – a statewide nonprofit research, policy and advocacy organization dedicated to ensuring everyone in Connecticut has a safe, stable home that is affordable to them in an equitable community of their choice.

We provide the following to the committee as they consider S.B. 1422 which seeks to require the Connecticut Housing Finance Authority (CHFA) to update both the Connecticut Opportunity Map and the policies that inform its creation. The Opportunity Map is a key factor in directing state investments in affordable housing and shaping access to opportunity for families across Connecticut. With a shortage of more than 92,000 rental units affordable to households earning 0-30% of the area median income (AMI)[1], it is critical that any tool used to allocate limited housing resources be transparent, grounded in the most current and accurate data, and designed to support the development of affordable housing statewide while promoting economic mobility and advancing equity.

Considerations for Updating the Opportunity Map

Ensuring that the Opportunity Map accurately reflects Connecticut's housing and economic landscape is essential. Updates to the map should be guided by principles that promote housing affordability, reflect current data, and advance racial and economic equity, ensuring that all communities have access to the resources needed for growth and stability.

Advance Housing Affordability and Choice

The Opportunity Map is part of the criteria that impacts where affordable housing is built and preserved. If the map does not accurately capture where opportunity exists—or fails to recognize

[1] https://www.chfa.org/assets/1/6/HNA_10.10.23.pdf

the potential for investment in historically disinvested areas—it will limit access to affordable, high-quality housing for those who need it most. Any updates to the map should support aligning state resources with the goal of ensuring that all Connecticut residents, regardless of income or background, have access to affordable housing across our state.

Promoting Racial and Economic Equity

Connecticut has one of the highest levels of racial and economic segregation in the nation, and housing policies have historically played a role in perpetuating these divides. Updating the Opportunity Map presents an opportunity to ensure that state resources are being used to break down barriers to opportunity rather than reinforcing them. Historically, LIHTC projects across the nation have been disproportionately built in low opportunity, high poverty areas. This trend was challenged in a 2015 Supreme Court Case, Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. In which the Texas allocator of LIHTC was found to be violating fair housing law by locating a majority of projects in high poverty, predominately minority communities[2].

Reflect Current Data to Support Effective Housing Policy

Connecticut's housing and opportunity landscape is dynamic. Regular changes in employers, job markets, transportation access, and educational opportunities influence where families can thrive. An outdated Opportunity Map risks reinforcing disparities rather than alleviating them. Simultaneously, too frequent changes disrupt the ability to develop housing in a strategic and conscientious way. Striking the right balance between understanding housing needs and planning effectively is important.

History of the Connecticut Opportunity Map

In 2009, the Connecticut Fair Housing Center commissioned the Kirwan Institute to map opportunity in Connecticut. In 2014, Open Communities Alliance created the Opportunity Index for Connecticut. Open Communities Alliance defines opportunity as "environmental conditions or resources that are conducive to healthier, vibrant communities and are associated with success in life, defined in a variety of ways. Indicators could either be impediments to opportunity (which are

[2] https://nlihc.org/resource/us-supreme-court-upholds-fair-housing-disparate-impact-principle

analyzed as negative neighborhood factors, e.g., high neighborhood poverty) or conduits to opportunity (which are analyzed as positive factors, e.g., access to an abundance of jobs)."[3] The index converts twelve "indicators of opportunity" into the domains of education, employment, and neighborhood which are averaged to give each census tract in Connecticut an "opportunity level" ranging from "opportunity-isolated" to "opportunity-rich". This index serves as the basis for the Connecticut Opportunity Map. The Connecticut Department of Housing (DOH) commissioned Open Communities Alliance and the CT Fair Housing Center to create the Connecticut Opportunity Map, last updated in 2020.

CHFA Adoption of the Opportunity Map

DOH began utilizing the Connecticut Opportunity Map as part of its Development Engagement Process (DEP), while the Connecticut Housing Finance Authority (CHFA) used a "Locational Guidelines Map". In response to feedback from developers and partners, CHFA and DOH developed a unified Connecticut Opportunity Map in 2021 to streamline the process for housing finance opportunities. The Opportunity Map became a key component of CHFA's Qualified Allocation Plan (QAP) for the Low-Income Housing Tax Credit (LIHTC) program in 2022.[4]

The Qualified Allocation Plan (QAP)

The QAP is the guiding document which oversees the distribution of 9% Low Income Housing Tax Credits in Connecticut[5]. LIHTC is a federal tax credit that helps fund the construction and rehabilitation of affordable housing. LIHTC is the primary federal tool for creating and preserving affordable housing. Congress sets a limit on the amount of LIHTC that can be allocated in any year. The amount allocated to Connecticut (via CHFA) is typically around $10M and is determined by the IRS on a per capita basis. CHFA is the entity that allocates the credits and does so through a competitive process based on the state-created QAP.

The QAP spells out CHFA's priorities and specifies the criteria it will use to select projects competing for tax credits. CHFA currently reviews and updates Connecticut's QAP every two years. This process includes a public comment period allowing stakeholders, legislators, and the public

[3] https://www.ctoca.org/opportunity_methodology
[4] https://www.chfa.org/about-us/opportunity-characteristics-map/
[5] https://www.chfa.org/developers/tax-credit-program/lihtc/

an opportunity to provide in-person or written feedback. This process allows CHFA to update the QAP based on evolving priorities, market conditions, or other changes. The new QAP must be approved by the CHFA Board of Directors and signed off by the Governor. While priorities and criteria can change, the LIHTC program is governed by IRS Section 42, and state mandates cannot be implemented if they conflict with federal program requirements.

Applications to utilize 9% LIHTC are scored and can earn a maximum of 100 points. Up to 9 points are awarded to applications that are located in an "area of opportunity" according to the Connecticut Opportunity Map. CHFA states that leveraging the Connecticut Opportunity Map, "can help guide community investments and help people in historically disenfranchised groups connect to areas that are thriving."[6]. CHFA also sets aside 25% of 9% credits to projects which would preserve already existing affordable housing. These projects are not subject to scoring in the same way, and the Opportunity Map is not utilized.

Analysis of LIHTC Awards (2019-2024)

Between 2019-2024, CHFA awarded tax credits to 46 applications across 24 towns. Several developments received multiple awards within this period. It should be noted that not all developments that receive an award go on to be completed. In some cases, projects do not proceed, and credits are returned and reallocated to others.

Distribution of Awards by Opportunity Level

Tax credit allocations went to developments across opportunity areas:

- 41.3% - Very Low Opportunity Areas
- 17.4% - Low Opportunity Areas
- 15.22% - Moderate Opportunity Areas
- 19% - High Opportunity Areas
- 6.52% - Very High Opportunity Areas

Distribution of Awards by County

Tax credit allocations went to developments across the state

- 39.13% - Hartford County
- 34.78 - New Haven County

[6] https://www.chfa.org/assets/1/19/2024_and_2025_-_Opportunity_Map_Guideline.pdf?12732=

- 15.22% - Fairfield County
- 6.52% - New London County
- 4.35% - Litchfield County

Distribution of Awards by Area Median Income (AMI)
The majority of developments created or preserved under the program were mixed income.

Award Year	Total Units	0-30% AMI Units	31-60% AMI Units	% 0-30% AMI	% 31-60% AMI
2019	479	121	246	25.26%	51.36%
2020	369	96	218	26.02%	59.08%
2021	693	151	380	21.79%	54.83%
2022	413	102	238	24.70%	57.63%
2023	370	88	219	23.78%	59.19%
2024	428	89	208	20.79%	48.60%
Total	**2,752**	**647**	**1,509**	**23.51%**	**54.83%**

We appreciate the intent of the bill to ensure equity across all areas of our state when allocating scarce resources. Any approach to updating the map should be data-driven, equity-focused, and informed by community voices to ensure we continue to move toward a future where housing affordability, stability, and choice are available to all residents.

Thank you for the opportunity to provide this testimony.