



# Regional Housing Strategy

*Housing and Housing Markets: Data Analysis*

**December 3, 2025 (Virtual Program)**

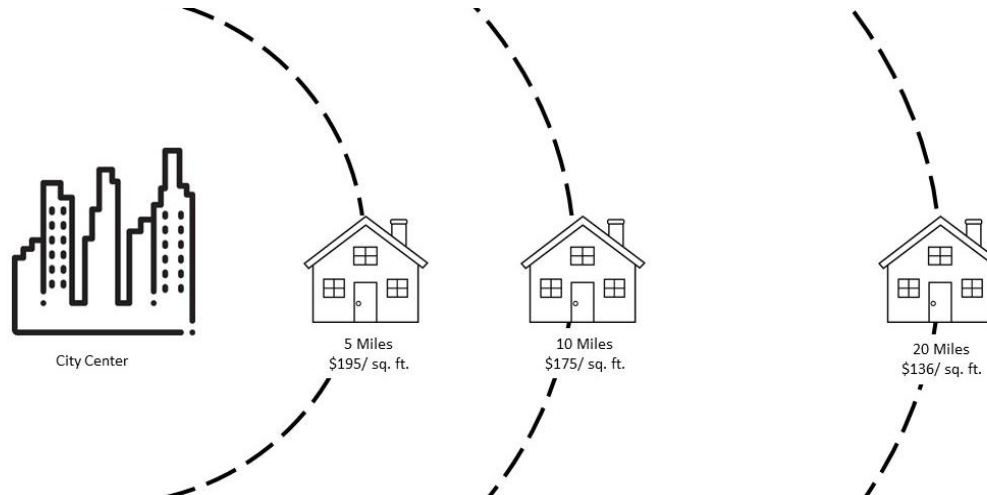




# Housing Market Dynamics

## The Spatial Organization of Housing Markets

- All locations for housing are not created equally.
- Housing markets organize at the metropolitan scale with many sub-markets.
- Accessibility (time, distance, & transportation) to employment centers drives land value.
- Value is greatest nearer the core and employment centers—lower at the periphery.
- The more accessible the locations, the greater the value of land and housing.



## Housing Affordability as a Problem to Solve:

- **Income:** household *earns too little* to afford housing
- **Cost:** *housing is too expensive* for households to afford

The difference is nuanced—the flip sides of the same coin.

## Solutions (simplified):

- Raise household income
- Lower housing cost

Easier said than done.

Affordability as a problem to solve provides an opportunity to think carefully about housing markets, affordability, and government intervention.



## Drivers of Housing Demand

- **Jobs:** If jobs are growing, population is growing
- **Population:** if population is growing, the number households are increasing
- **Households (Household Formations):** increases in households (household formations) drive demand for housing (and the construction of new housing)
  - Note that households can increase (household formations) without job or population growth
- **Income:** the price point at which the housing market is organized and households that the market serves





# Income

# CRCOG Housing Market Study – Defining Middle-Income

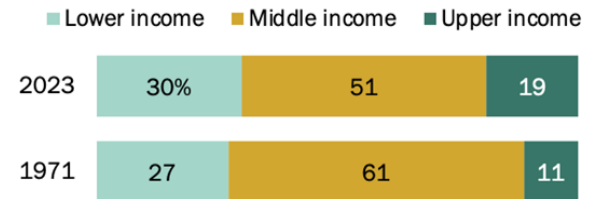
## PEW Defining the Middle-Income

- **Middle-Income:** households with an income that is *two-thirds of the median of U.S. household income* (adjusted for household size)
  - U.S. = **\$53,202 - \$161,220**
  - CT = **\$63,392 - \$192,098**
  - CRCOG = **\$62,804 - \$190,316**
- **Lower-Income:** households have incomes less than two-thirds of the median income
- **Upper-Income:** households have income that is more than double the median income

Median Income	U.S.	Connecticut	CRCOG
Median HH Income	\$80,610	\$96,049	<b>\$95,158</b>
80% Median-Income	\$64,488	\$76,839	<b>\$76,126</b>
60% Median-Income	\$48,366	\$57,629	<b>\$57,094</b>
50% Median-Income	\$40,305	\$48,024	<b>\$47,579</b>
30% Median-Income	\$24,183	\$28,814	<b>\$28,547</b>

## Share of Americans in the middle class has fallen since 1971

% of U.S. population in each income tier



Note: People are assigned to income tiers based on their household incomes in the calendar year prior to the survey year, after incomes have been adjusted for the number of people living in each household. Shares may not total 100% due to rounding.  
 Source: Pew Research Center analysis of the Current Population Survey, Annual Social and Economic Supplement (IPUMS), 1971 and 2023.

PEW RESEARCH CENTER

# CRCOG Housing Market Study – Housing & Income

## CRCOG Housing & Household Income

- **71.1%** of CRCOG households have incomes over \$50,000 (are mostly middle-income households)
- **28.8%** of CRCOG households have income below \$50,000.
- **57.8%** of CRCOG household have incomes over \$75,000.
- **59%** of **owner**-occupied CRCOG households have incomes over \$100,000.
- **52.4%** of **renter**-occupied households have incomes less than \$50,000
  - **27.5%** under \$35,000 (\$32,160 is the federal poverty rate for a family of 4).

Who does the homeownership market serve?

Who does the rental market serve?

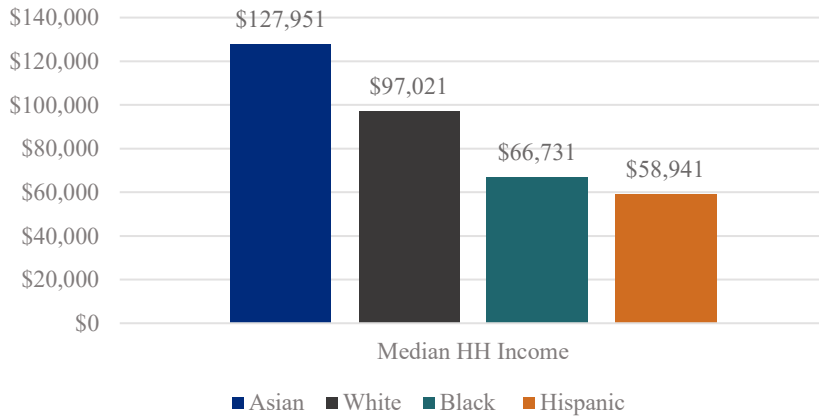
Who needs affordable housing the most?

CRCOG	% Occupied	% Owner Occupied	% Renter Occupied
Occupied Housing Units	100%	65.3%	34.7%
HOUSEHOLD INCOME 2023			
Less than \$5,000	2.9%	1.3%	5.9%
\$5,000 to \$9,999	1.8%	0.7%	3.8%
\$10,000 to \$14,999	3.5%	1.1%	8.1%
\$15,000 to \$19,999	2.5%	1.2%	5.1%
\$20,000 to \$24,999	2.8%	1.9%	4.6%
\$25,000 to \$34,999	5.9%	3.8%	10.0%
\$35,000 to \$49,999	9.4%	6.5%	14.9%
\$50,000 to \$74,999	13.3%	12.2%	15.3%
\$75,000 to \$99,999	12.3%	12.4%	12.3%
\$100,000 to \$149,999	18.6%	22.0%	12.0%
\$150,000 or more	26.9%	37.0%	8.0%

Household Type	Median HH Income
Total	\$95,817 (2025)
Family	\$115,158
Married Couple	\$140,809
Non Family	\$52,327
Renter	\$46,498

# CRCOG Housing Market Study – Income Data

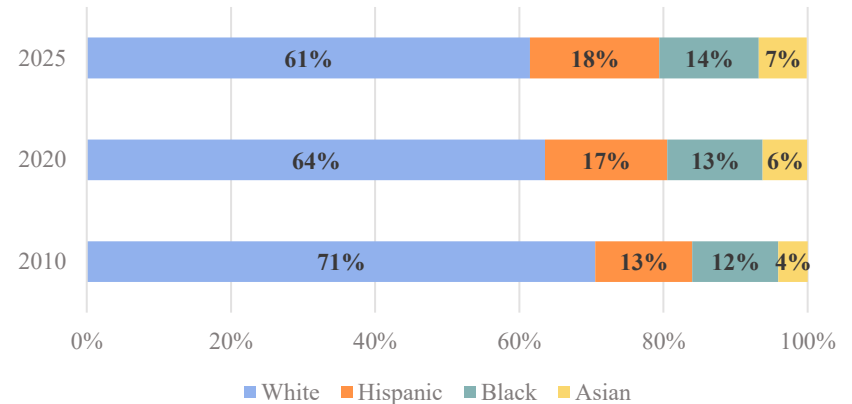
### Median HH Income by Race



Race	Median HH Income
Asian	\$127,951
White	\$97,021
Black	\$66,731
Hispanic	\$58,941

2023 5 Year ACS Estimates

### Population by Race



CRCOG	2010		2020		2025	
POPULATION BY RACE	Estimate	%	Estimate	%	Estimate	%
White	719,454	71%	620,337	64%	597,026	61%
Hispanic	137,266	13%	165,603	17%	174,525	18%
Black	121,806	12%	128,976	13%	133,685	14%
Asian	41,760	4%	60,543	6%	65,070	7%

Sources: US Census, ACS, Esri

- In the U.S., CT, and CRCOG Region there is a correlation between race and income.
- Blacks and Hispanics suffer disparate impacts in the housing market—accessibility and affordability.



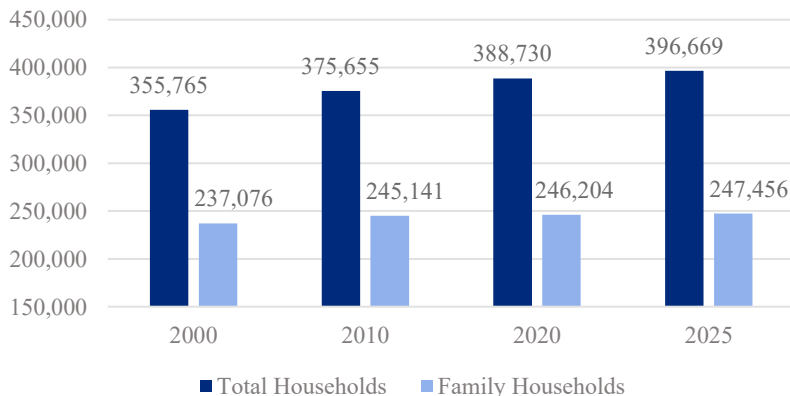
# Demographics

# CRCOG Housing Market Study – Demographic Data

CRCOG Population	Estimate	%
Generation Alpha Pop (2013)	87,366	9%
Generation Z Pop (1997)	216,690	22%
Millennial Pop (1981)	229,850	24%
Generation X Pop (1965)	189,797	20%
Baby Boomer (1946)	199,107	20%
Silent & Greatest Generations (1928)	48,519	5%
Pop by Generation Base	971,329	100%

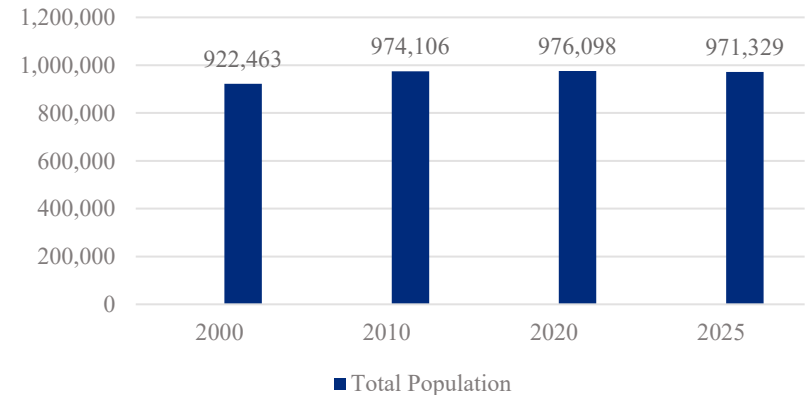
CRCOG	2000	2010	2020	2025
Total Households	355,765	375,655	388,730	396,669
Family Households	237,076	245,141	246,204	247,456

**Total HH's & Family HH's**



CRCOG	2000	2010	2020	2025
Household Pop	885,360	930,492	939,868	937,535
Total Population	922,463	974,106	976,098	971,329

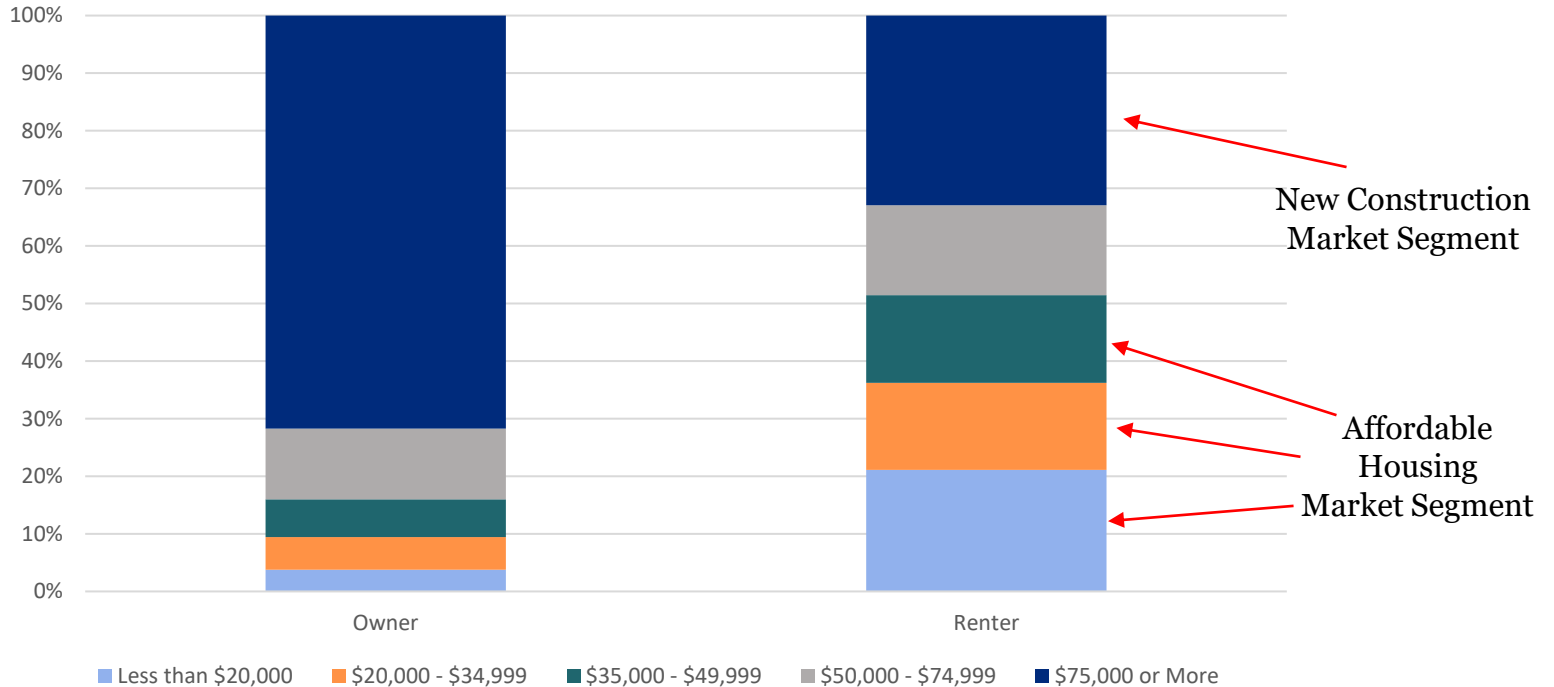
**Total Population**



- CRCOG's population growth is mostly stagnant since 2010.
- Total households are growing faster than family households.
- Population age is impacting population growth—deaths exceeding births—and housing demand is driven by household growth.

# CRCOG Housing Market Study – Demographic Data

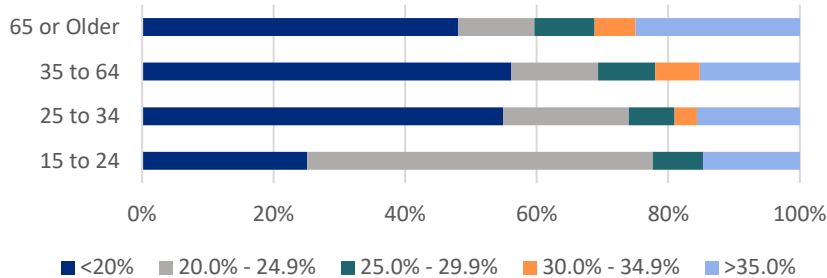
## Owner vs Renter: Income Distribution



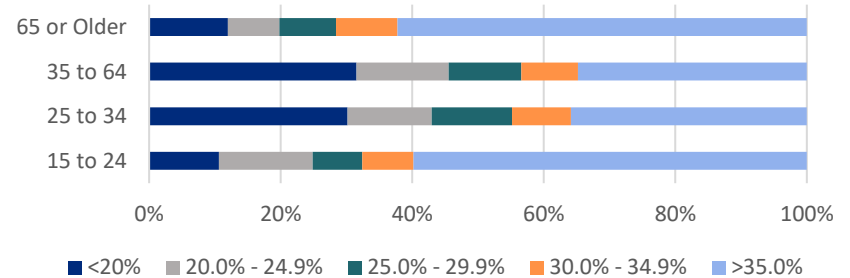
Homeowners are wealthier than renters—household age, socio-economics, and race are part of this wealth disparity in housing tenure.

# CRCOG Housing Market Study – Demographic Data

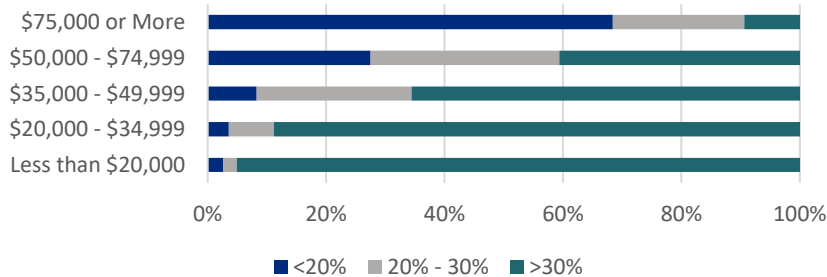
**Percent of Income on Housing  
by Householder Age  
Owner Occupied**



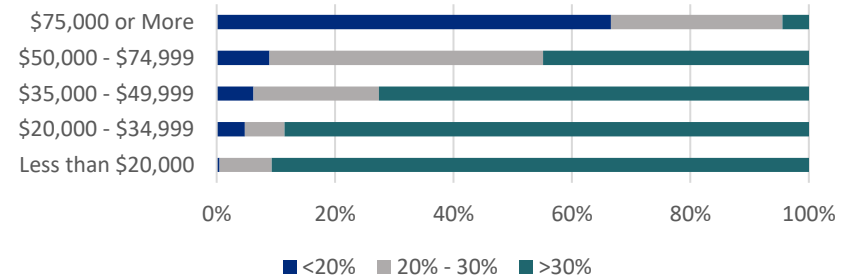
**Percent of Income on Housing  
by Householder Age  
Renter Occupied**



**Percent of Income on Housing  
by Household Income Level  
Owner Occupied**



**Percent of Income on Housing by  
Household Income Level  
Renter Occupied**



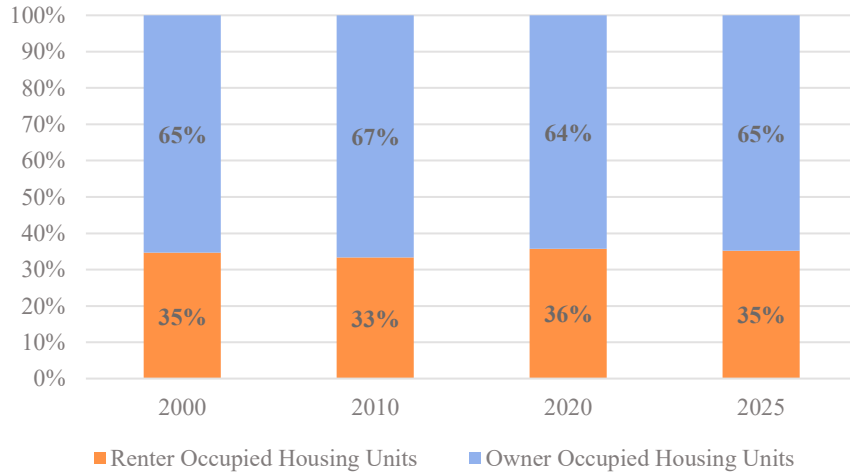
**Renters are more cost-burdened than homeowners.  
Lower-income households are the most cost-burdened.**

# Housing

# CRCOG Housing Market Study – Housing Data

CRCOG	2000	2010	2020	2025
Total Housing Units	374,429	400,567	414,084	421,211
Renter Occupied Housing Units	123,200	125,178	141,884	141,824
Owner Occupied Housing Units	232,565	250,418	254,845	260,799

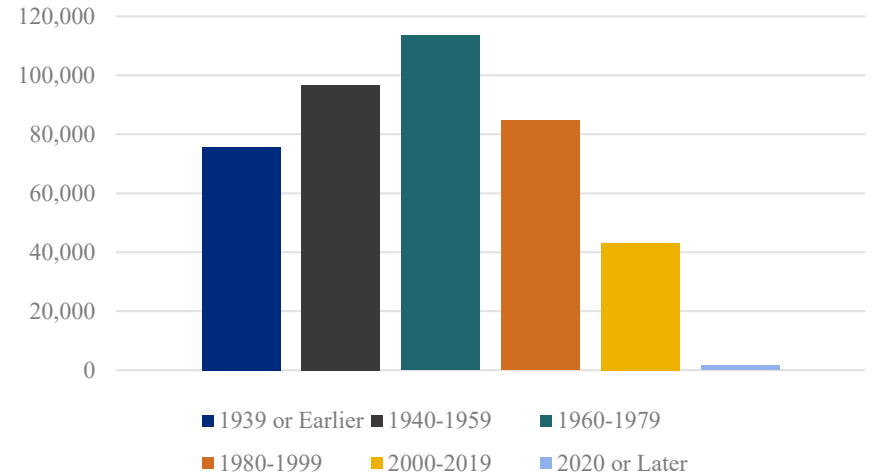
Renter vs Owner Occupied Units



- CRCOG’s housing stock is older and aging.
- The proportion of owner to renter units has remained mostly constant over the last 25-years.

CRCOG	Housing Units	
HOUSING UNITS BY YEAR BUILT	Estimate	%
1939 or Earlier	75,663	18.2%
1940-1959	96,798	23.3%
1960-1979	113,439	27.3%
1980-1999	84,668	20.4%
2000-2019	43,135	10.4%
2020 or Later	1,566	0.4%

Housing Units by Year Built

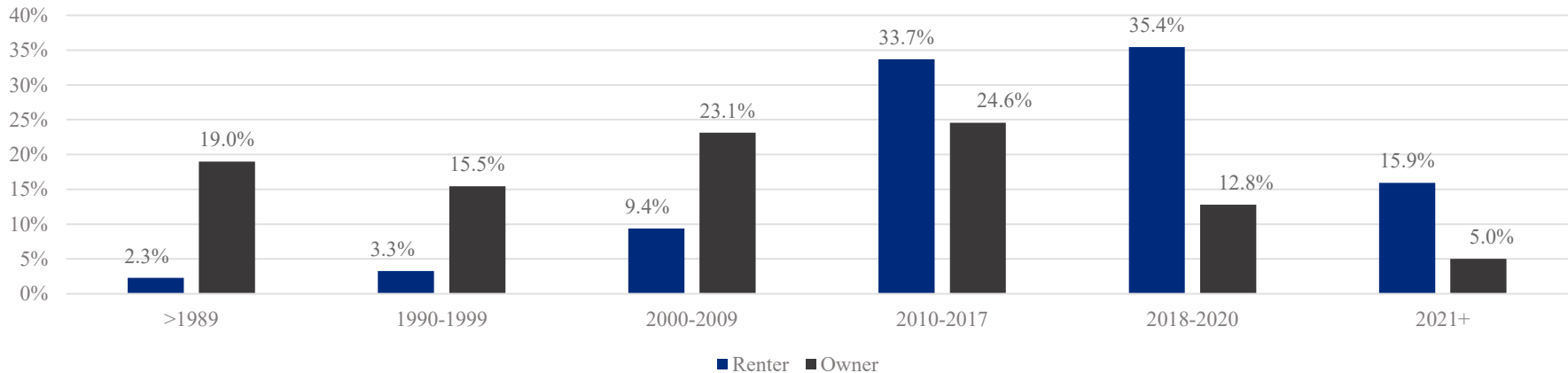


# CRCOG Housing Market Study – Housing Data

CRCOG	Householder	
	Renter	Owner
YEAR HOUSEHOLDER MOVED IN		
>1989	3,070	48,296
1990-1999	4,395	39,343
2000-2009	12,642	58,869
2010-2017	45,368	62,552
2018-2020	47,712	32,585
2021+	21,475	12,779

- Homeowners and renters are transient—we move many times in our lifetime.
- Don't assume the residents of your community have been there for decades.

Year Moved In: Rent & Owner HHs



# CRCOG Housing Market Study – Housing Data

CRCOG	Estimate	Percent
<b>BEDROOMS</b>		
Total Housing Units	415,269	100%
No Bedroom	12,191	2.9%
1 Bedroom	54,286	13.1%
2 Bedrooms	109,589	26.4%
3 Bedrooms	154,278	37.2%
4 Bedrooms	70,151	16.9%
5+ Bedrooms	14,774	3.6%

CRCOG	Estimate	Percent
<b>UNITS IN STRUCTURE</b>		
Total Housing Units	415,126	
1-unit, detached	234,805	56.6%
1-unit, attached	25,839	6.2%
2 units	28,385	6.8%
3 or 4 units	38,052	9.2%
5 to 9 units	24,575	5.9%
10 to 19 units	17,839	4.3%
20 or more units	43,225	10.4%
Mobile home	2,406	0.6%

- **57.7%** of housing units have 3 or more bedrooms.
- **62.2%** of occupied households are one- and two-person.
- **42.0%** of renter-occupied-households are one-person
- **69%** of renter-occupied household are one- and two-person.

CRCOG’s housing stock was built for past generations—larger households.

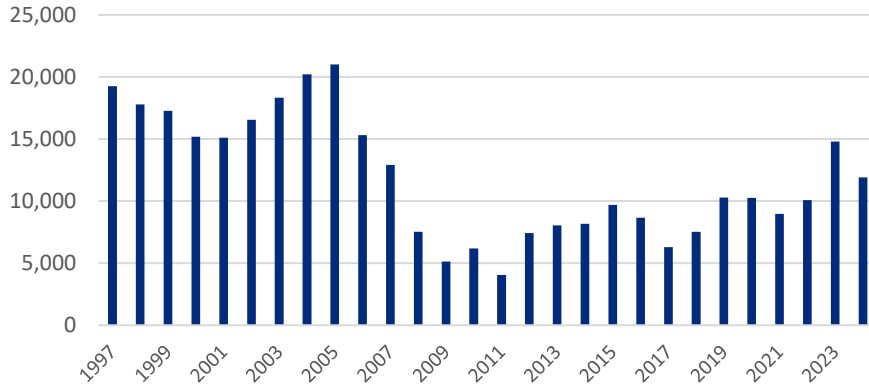
GRCOG’s housing stock does not match today’s households and preferences.

CRCOG	Occupied	%	Owner-Occupied	%	Renter-Occupied	%
Occupied Housing Units	388,603	100%	246,719	100%	141,884	100%
<b>Household Size</b>						
1-person household	115,495	29.7%	55,947	22.7%	59,548	42.0%
2-person household	126,329	32.5%	88,019	35.7%	38,310	27.0%
3-person household	63,530	16.3%	42,721	17.3%	20,809	14.7%
4+person household	83,249	21.4%	60,032	24.3%	23,217	16.4%

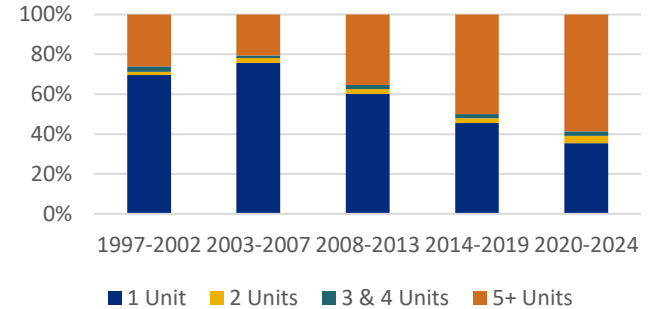
Sources: US Census, ACS, Esri

# CRCOG Housing Market Study – State of CT Housing Permits

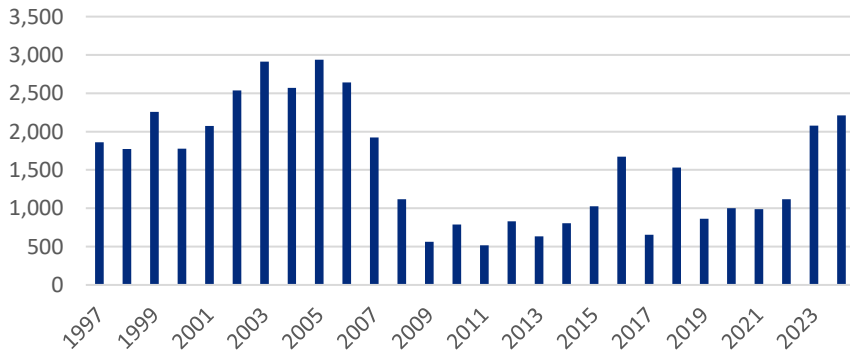
**State of CT Net Units**  
1997-2024



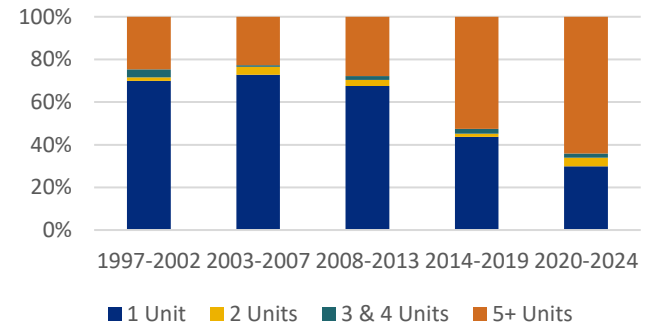
**State of CT Permits by Housing Type**  
1997-2024



**CRCOG Net Units**  
1997-2024



**CRCOG Permits by Housing Type**  
1997-2024



# CRCOG Housing Market Study – Top 10 Housing Permit Communities

## Permits by Municipality

1997-2006

Municipality	Total Permits	Average Permits/Yr	Current Housing Units	Percent of CRCOG Total Permits
1 Manchester	2,096	210	26,626	7.44%
2 Southington	1,910	191	18,407	6.78%
3 Hartford	1,460	146	54,379	5.18%
4 Glastonbury	1,358	136	14,506	4.82%
5 Vernon	1,279	128	14,871	4.54%
6 Farmington	1,262	126	11,985	4.48%
7 Avon	1,237	124	7,719	4.39%
8 Berlin	1,201	120	8,695	4.26%
9 Ellington	1,167	117	7,009	4.14%
10 South Windsor	1,100	110	10,924	3.90%

## Permits by Municipality

2015-2023

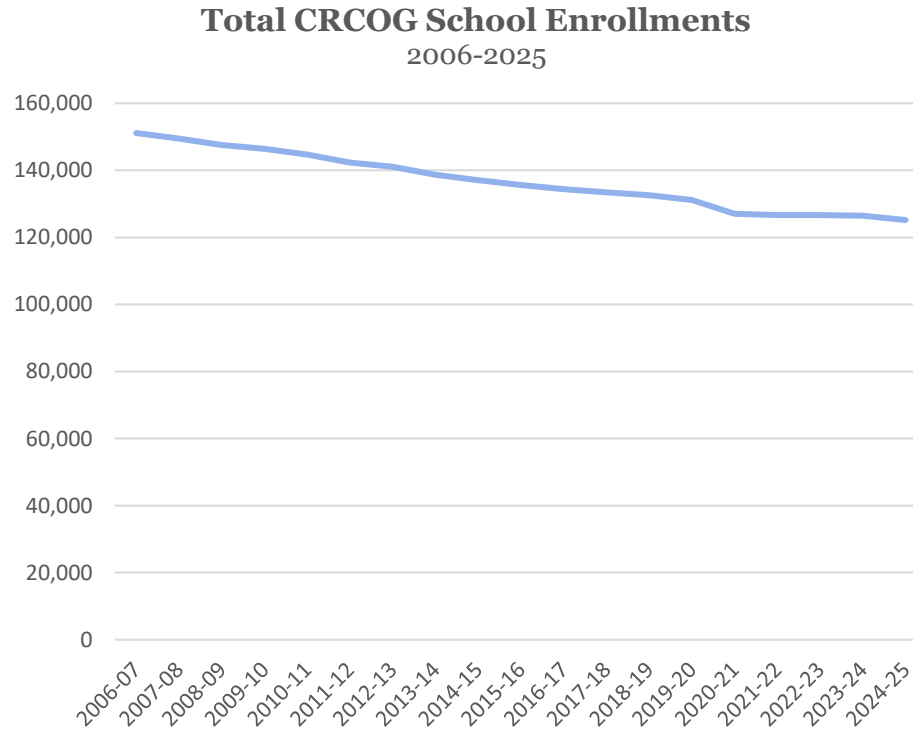
Municipality	Total Permits	Average Permits/Yr	Current Housing Units	Percent of CRCOG Total Permits
1 Simsbury	1,140	127	10,731	8.78%
2 Vernon	914	102	14,871	7.04%
3 Farmington	839	93	11,985	6.46%
4 Bloomfield	756	84	9,952	5.82%
5 Southington	718	80	18,407	5.53%
6 West Hartford	686	76	27,693	5.28%
7 Hartford	574	64	54,379	4.42%
8 Newington	559	62	13,135	4.30%
9 Granby	549	61	4,543	4.23%
10 New Britain	503	56	31,709	3.87%

- The pre- and post-2008 housing market shifted locations. Only 4 Top-10 communities appear in both periods.
- Hartford and New Britain are unique, as both demolished more housing units than new permits. Combined, Hartford and New Britain account for 62.8% of total demolitions.
- The change in the top-10 housing permit communities is reflecting the shift from single-family to multi-family housing.
- Communities that have allowed and realized multi-family housing have climbed into the top 10—Simsbury, Bloomfield, West Hartford, Newington, and Granby.
- Glastonbury and South Windsor housing permits declined to 343 and 450, respectively, in the 2015-23 period.

Source: DECD

# CRCOG Housing Market Study – CRCOG School Enrollments 2006 - 2024

- Change in household type (non-family) and size (one- and two-person), along with social-cultural changes (we marry less, later, and have fewer children), are driving declines in the young person population and school enrollments.
- CRCOG lost **25,946 (17%)** enrollments from 2006 to 2024.
- Only one community, **South Windsor**, has experienced increasing enrollments since 2015 (after losing approximately 816 enrollments pre-2015).



Year	Enrollments
2006-07	151,123
2007-08	149,499
2008-09	147,586
2009-10	146,401
2010-11	144,656
2011-12	142,275
2012-13	141,047
2013-14	138,641
2014-15	137,050
2015-16	135,596
2016-17	134,420
2017-18	133,412
2018-19	132,571
2019-20	131,163
2020-21	127,032
2021-22	126,678
2022-23	126,638
2023-24	126,435
2024-25	125,177

Sources: DECD

# CRCOG Housing Market Study – Rent to Income Cost Burden

## DRG B CRCOG Communities

	Avon	Farmington	Glastonbury	Granby	Simsbury	W. Hartford	S. Windsor
<b>Demographics</b>							
Population	18,852	26,623	35,105	10,972	24,617	64,088	26,805
Households	7,579	11,027	14,161	4,277	9,187	26,100	9,865
Median Household Income	\$146,153	\$118,329	\$144,134	\$116,023	\$143,874	\$124,150	\$134,080
<b>Median Home Value (2022)</b>	\$434,000	\$375,700	\$397,200	<b>\$334,900</b>	\$395,300	\$370,500	<b>\$324,200</b>
<b>2016 Median Home Value</b>	\$379,000	\$331,300	\$347,800	<b>\$289,000</b>	\$334,800	\$304,000	<b>\$272,100</b>
<b>Education</b>							
2023 Enrollment	3,125	4,194	5,674	1,742	4,165	9,265	5,022
2015 Enrollment	3,285	4,096	6,069	1,961	4,190	9,757	4,156
2007 Enrollment	3,612	4,209	6,882	2,339	4,973	10,045	4,972
2015-2023 Enrollment Change	-160	98	-395	-219	-25	-492	832
2007-2023 Enrollment Change	-487	-15	-1,208	-597	-808	-780	53
<b>Housing</b>							
2014 – 2023 Housing Permits	172	862	356	<b>560</b>	1,322	779	<b>468</b>

Sources: AdvanceCT Town Profiles 2024, CT Department of Education, Edsight. State DECD.

- South Windsor’s enrollment gains are explained by a quality school district, low cost of entry housing (homeownership) market, and an accessible location.
- In 2016 (to 2022), South Windsor was the most affordable DRG B education community.
- From 2016 to 2022, South Windsor existing housing stock was *accessible to a first-time homebuyer market*—households most-likely to have school age children.
- Today, with a median home value in South Windsor of **\$408,939**, first-time homebuyers are priced out of the market—enrollments will likely flatten.



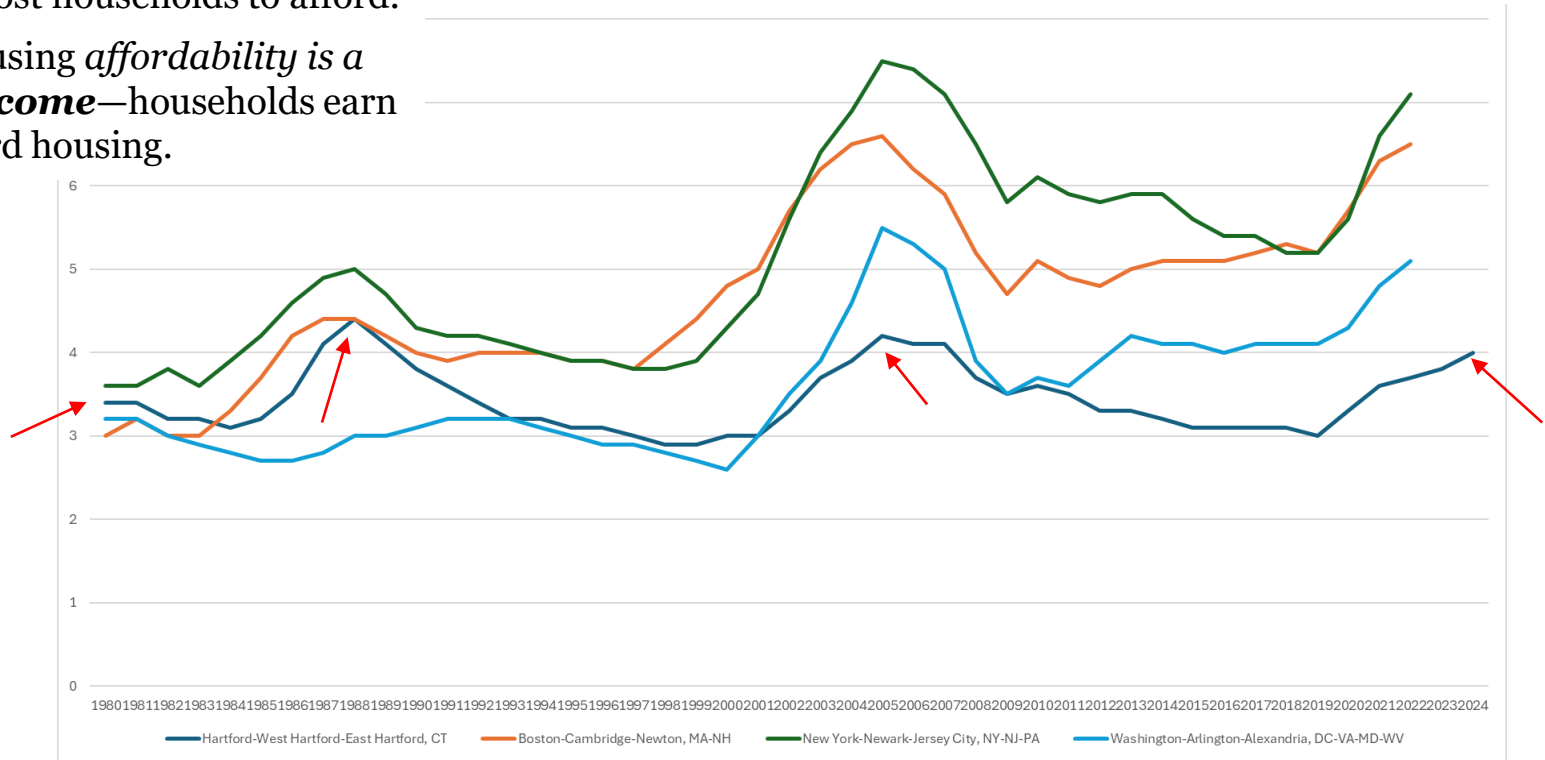
# Housing Price to Income – Comparative Analysis

# CRCOG Housing Market Study – Comparative Home Price to Income Ratio

In Boston and NYC the housing affordability issue is a **problem of housing cost**—housing is too expensive for most households to afford.

In Hartford, housing affordability is a **problem of income**—households earn too little to afford housing.

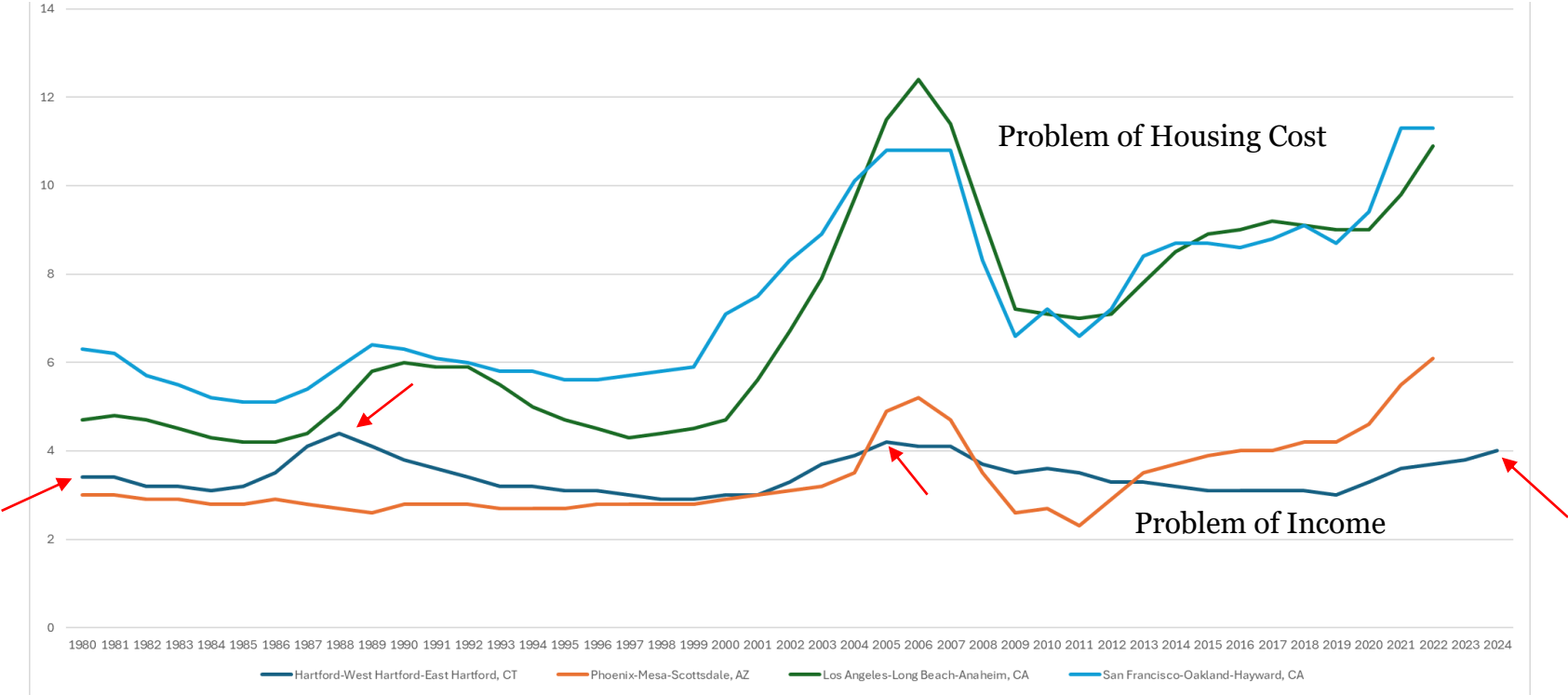
Hartford, NYC, Boston, & DC MSA's



Sources: Harvard Joint Center For Housing Studies

# CRCOG Housing Market Study – Comparative Home Price to Income Ratio

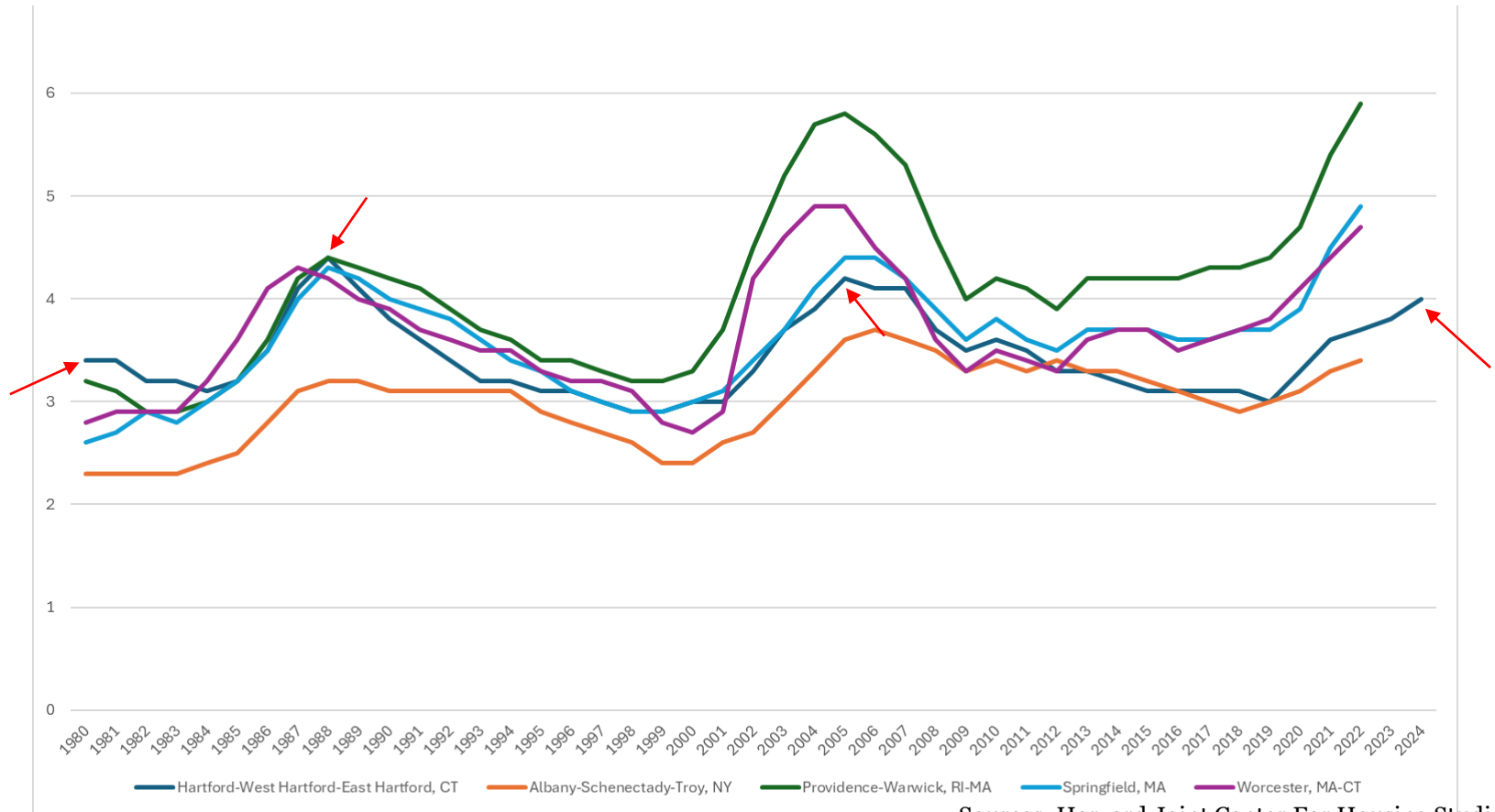
## Hartford, LA, San Fran, & Phoenix MSA's



Sources: Harvard Joint Center For Housing Studies

# CRCOG Housing Market Study – Comparative Home Price to Income Ratio

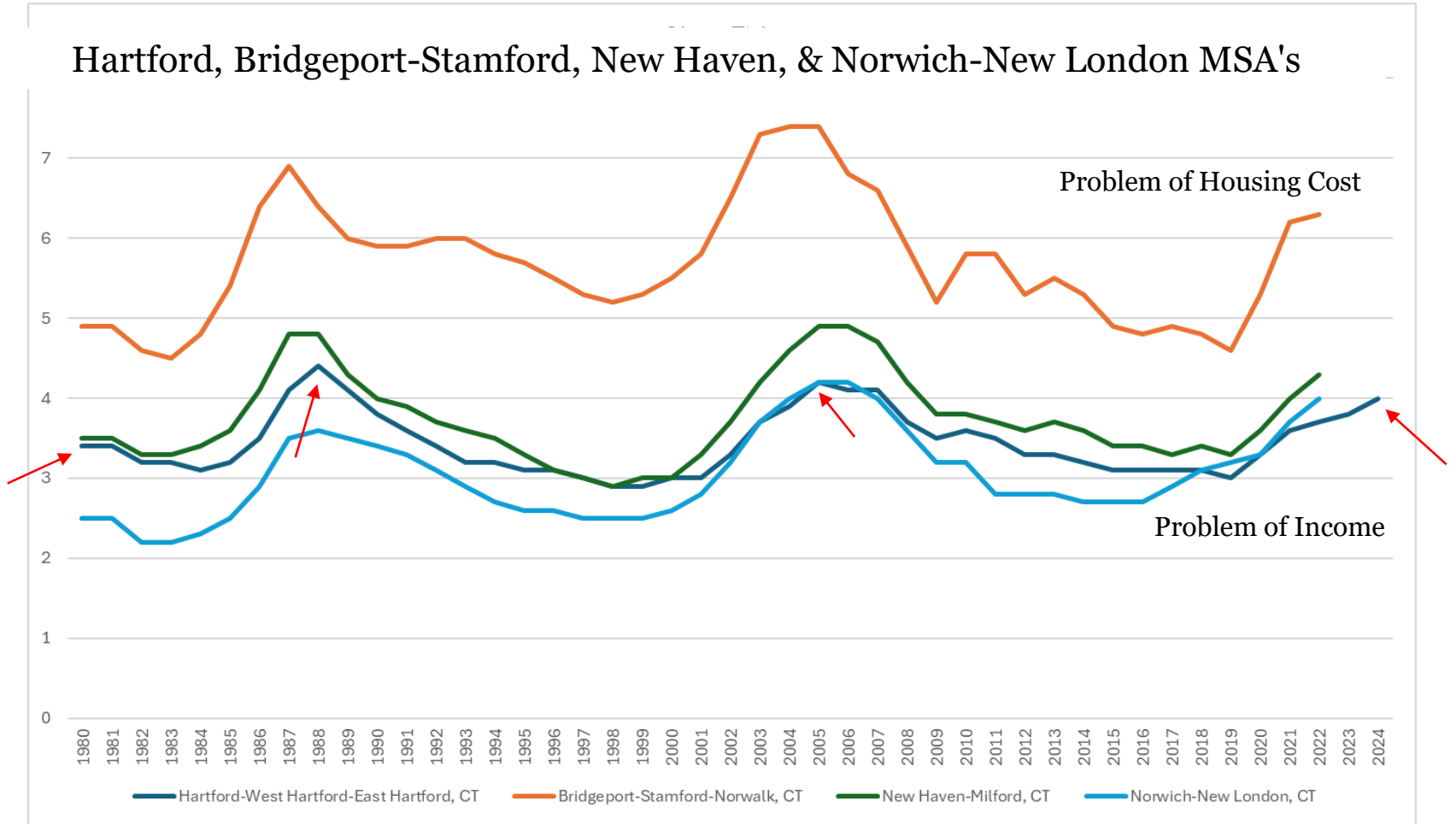
## Hartford, Albany, Providence, Springfield, & Worcester MSA's



Sources: Harvard Joint Center For Housing Studies

# CRCOG Housing Market Study – Comparative Home Price to Income Ratio

## Hartford, Bridgeport-Stamford, New Haven, & Norwich-New London MSA's



Sources: Harvard Joint Center For Housing Studies

# Housing Price to Income – CRCOG Region Ratios



# CRCOG Housing Market Study – CRCOG Region Price to Income Ratio

## Home Price To Incomes by Town (Top & Bottom 5)

### Ranked by Median Home Value

Rank	Town	Median Home Value	Median HH Income	Price to Income
1	Avon	\$544,158	\$155,839	3.49
2	Canton	\$485,506	\$128,439	3.78
3	Glastonbury	\$482,054	\$152,508	3.16
4	Farmington	\$482,038	\$129,145	3.73
5	Suffield	\$479,410	\$136,252	3.52
34	Stafford	\$290,216	\$98,574	2.94
35	Vernon	\$262,157	\$83,306	3.15
36	East Hartford	\$256,048	\$69,401	3.69
37	Hartford	\$254,164	\$46,709	5.44
38	New Britain	\$246,098	\$58,824	4.18

### Ranked by Median Household Income

Rank	Town	Median HH Income	Price to Income	Median Home Value
1	Avon	\$155,839	3.49	\$544,158
2	Hebron	\$152,604	2.65	\$403,857
3	Glastonbury	\$152,508	3.16	\$482,054
4	Simsbury	\$152,175	3.00	\$456,473
5	Marlborough	\$146,125	3.00	\$438,223
34	Vernon	\$83,306	3.15	\$262,157
35	Mansfield	\$71,618	4.84	\$346,901
36	East Hartford	\$69,401	3.69	\$256,048
37	New Britain	\$58,824	4.18	\$246,098
38	Hartford	\$46,709	5.44	\$254,164

Municipality	Price to Income	Median Home Value	Median HH Income
CRCOG	3.80	\$364,090	\$95,817

### Ranked by Price to Income

Rank	Town	Price to Income	Median Home Value	Median HH Income
1	Hartford	5.44	\$254,164	\$46,709
2	Mansfield	4.84	\$346,901	\$71,618
3	New Britain	4.18	\$246,098	\$58,824
4	Willington	4.13	\$375,672	\$91,025
5	Plainville	3.95	\$334,269	\$84,608
34	Stafford	2.94	\$290,216	\$98,574
35	South Windsor	2.92	\$408,939	\$140,199
36	Tolland	2.74	\$393,295	\$143,718
37	Columbia	2.68	\$362,093	\$135,351
38	Hebron	2.65	\$403,857	\$152,604

- Income generally matches with home value— Avon is affordable to Avon households.
- Lower home-value communities are unaffordable to local households—Hartford housing is not affordable to Hartford households.
- South Windsor, with high income and moderate home value, has one of the lowest price to value ratio at 2.92.

# CRCOG Housing Market Study – CRCOG Region Price to Income Ratio

## Price To Incomes Calculated by CRCOG Median Income

Rank	Town	Price to Income	Median Home Value
1	Avon	5.68	\$544,158
2	Canton	5.07	\$485,506
3	Glastonbury	5.03	\$482,054
4	Farmington	5.03	\$482,038
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34	Stafford	3.03	\$290,216
35	Vernon	2.74	\$262,157
36	East Hartford	2.67	\$256,048
37	Hartford	2.65	\$254,164
38	New Britain	2.57	\$246,098

Municipality	Price to Income	Median Home Value	Median HH Income
CRCOG	3.80	\$364,090	\$95,817

- Median home price for each community to CRCOG median household income (\$95,817).
- The Top-5 communities are unaffordable to the median household income for the CRCOG region.
- The CRCOG region is affordable to the median household income for the CRCOG region.
- CRCOG Home Price to Income Ratio = 3.80

## Home Price to Income Ratio by Race:

White HH = 3.75

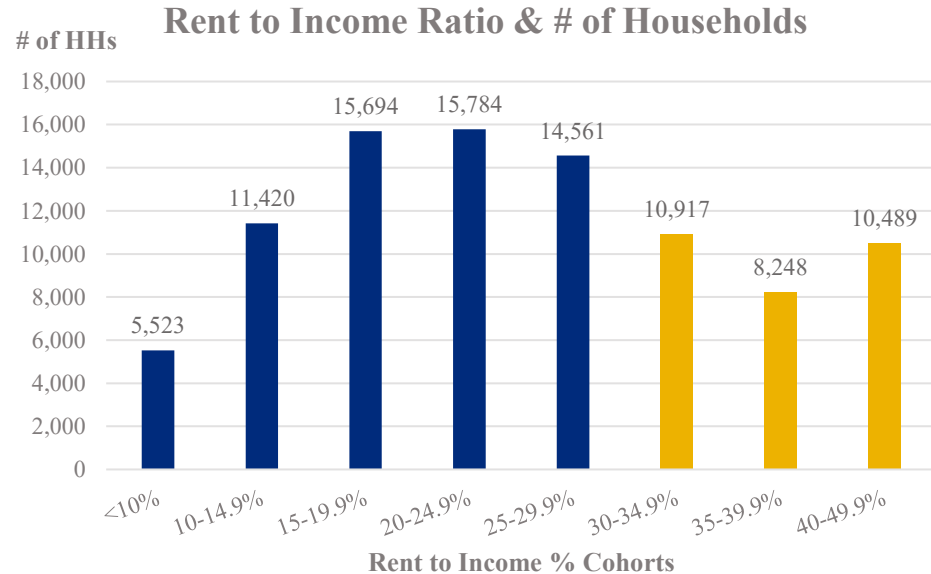
Black HH = **5.45**

Hispanic HH = **6.18**

Sources: US Census, ACS, Esri

# CRCOG Housing Market Study – Rent to Income Cost Burden

CRCOG	Estimate	Percent
HH's RENT TO INCOME RATIO		
<10%	5,523	5.4%
10-14.9%	11,420	11.2%
15-19.9%	15,694	15.4%
20-24.9%	15,784	15.5%
25-29.9%	14,561	14.3%
30-34.9%	10,917	10.7%
35-39.9%	8,248	8.1%
40-49.9%	10,489	10.3%
Not Computed	9,006	8.9%



**29.1%** of renter households in the CRCOG Region are cost burdened, paying 30% or more for housing.



# Housing Supply & Demand

# CRCOG Housing Market Study – Connecticut Supply & Demand 1990 - 2025

	1990	2000	2010	1990-2010	2020	2025	1990-2025	2010	2025	2010-2025
<b>Housing Demand Drivers</b>										
Jobs (Non-Farm Employment)	1,653,200	1,689,800	1,601,000	-52,200	1,701,700	1,717,600	64,400	1,601,000	1,717,600	116,600
Population	3,287,116	3,405,565	3,574,097	286,978	3,605,944	3,675,069	387,953	3,574,097	3,675,069	100,972
Households (Formations)	1,230,479	1,301,670	1,371,087	140,608	1,400,000	1,420,170	189,691	1,371,087	1,420,170	49,083
<b>Housing Supply</b>										
		1990-1999	2000-2009	1990-2010	2010-2019	2020-2024	1990-2024		2010-2024	2010-2024
Housing Permits		90,150	89,542	179,692	49,598	32,438	261,728		32,438	32,438
Demolitions		12,346	14,849	27,195	11,422	3,545	42,162		3,545	3,545
Net Gain New Housing		77,804	74,693	152,497	38,172	28,893	219,562		28,893	28,893
Supply/Demand				11,889			29,871			-20,190

**Demand – Household Formations:** From 1990 to 2025, Connecticut added 64,400 jobs and the population grew by 387,953 persons. *Households grew by 189,691* (household formations are the key driver housing demand).

- From 1990 to 2010 Connecticut loss 52,200 jobs.

**Supply – Housing Production:** From 1990 to 2025, Connecticut constructed 261,728 new housing units and demolished 42,162 housing units, *for a net gain of 219,562 units—or 29,871 more housing units than the 189,691 household formations. Supply outpaced demand.*

However:

- From 1990 to 2010 Connecticut added **11,889 more** housing units than households.
- From 2010 to 2025 Connecticut added **20,190 fewer** housing units than households.
- Net shortage in supply since 2010 equals **8,301**.

Sources: US Census, AdvanceCT, DOL, DECD

# Housing Finance: Risk & Cost

# CRCOG Housing Market Study – Housing Finance: Risk & Cost

## The Development Process Conceptualized: Time, Money, and Risk

Steps	Year	The Development Process	Risk	Est. Cost	Remarks on Risk
1	1	The Development Idea/Opportunity	Low	\$0	<ul style="list-style-type: none"> <li>Steps 1-8 the developer pays out cash with no guarantee of permitting approvals.</li> <li>Step 8, land use permitting, the developer is up to \$250k invested and could be denied.</li> <li>Step 1 to Step 8 is four years' time, during which the market can change, interest rates can increase, recession could occur, construction costs could increase, supply chains could be disrupted, etc. <b>RISK is VERY HIGH!</b></li> <li>Land use litigation can add up to two years.</li> <li>Step 9, once financing is secured repayment on construction loan begins. However, there is no income until Step 11—typically two years.</li> <li>With moderate absorption rates, income comes in slowly (maybe 16 units/month) and up to two years for full occupancy.</li> <li>Higher than projected vacancy harms income.</li> </ul>
2	1	Preliminary market research	Low	\$10,00	
3	1	Evaluating/establishing demand	Low	\$15,000	
4	1	Analysis of potential sites (site selection)	Low	\$15,000	
5	1	Engineering feasibility	Mid	\$20,000	
6	1	Financial feasibility (site commitment)	Mid	\$20,000	
7	2	Design the development	Mid	\$60,000	
8	2-3	<b>Land Use &amp; Building Permitting</b>	<b>Very High</b>	\$80,000	
9	4	Financing	High	\$10,000	
10	4-6	Construction	High	\$330,000/unit	
11	7-8	Occupancy/opening/operations	High	\$10,936/unit	
12	8+	Property management	Medium	\$10,936/unit	

# CRCOG Housing Market Study – Housing Finance: Risk & Cost

## Terms & Definitions

### Operating Expenses (OpEx)

- The costs required to operate the building.

### Property Taxes

- The annual taxes paid to the municipality based on the assessed value of the building (often, one of the **largest single expenses** for new apartments).

### Net Operating Income (NOI):

- Income remaining after operating expenses and property taxes are paid.
- $NOI = Revenue - Vacancy - Expenses$

### Debt Service

- The annual mortgage payment required to repay the construction/perm loan.

### LTV/C (Loan to Value/Cost):

- Banks won't lend more than 60–75% of the project cost.

### DSCR (Debt Service Coverage Ratio):

- The building's income must be at least 20% higher than the mortgage payment.

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- The building's income must be at least 20% higher than the mortgage payment.

### Net Cash Flow

- The income remaining *after* all expenses AND the mortgage are paid (the amount available to be distributed between investors and the developer).

### Developer

- Finds the site
- Gets approvals
- Secures financing
- Oversees construction
- Operates the development
- Usually invests a **small portion** of total equity (5–10%).

### Limited Partners (LPs) / Investors

- Outside investors who provide the majority of equity.
- They receive priority on cash flow through a **preferred return**.

### Preferred Return

- A minimum annual return (often ~8%) that must be paid to LPs before the developer receives any cash flow.

# CRCOG Housing Market Study – Housing Finance: Risk & Cost

- The tables show the cost of building one new apartment unit and a simplified financing structure.
- In this example, the developer contributes about 10% of the equity (3.5% of the total cost), while outside investors contribute the remainder (equity).
- Developers typically include an upfront fee (5% or more) to compensate for project risk and the time spent assembling and managing the development.
- This fee is often the only early compensation the developer receives.

## Development Cost Per Unit

Uses - Total Costs	\$	%
Land Costs	\$15,000	4.5%
Site/Infrastructure Costs	\$12,182	3.7%
Construction Costs	\$251,160	75.3%
Soft Costs	\$25,513	7.7%
Financing & Leasing Costs	\$14,369	4.3%
Developer Fees	\$15,161	4.5%
<b>Total Costs</b>	<b>\$333,385</b>	<b>100%</b>

## Sources of Funding

Sources	\$	%
<b>Total Equity</b>	<b>\$116,685</b>	<b>35.0%</b>
Developer Equity	\$11,668	3.5%
Limited Partner Equity	\$105,016	31.5%
<b>Construction Loan</b>	<b>\$216,700</b>	<b>65.0%</b>
<b>Total</b>	<b>\$333,385</b>	<b>100%</b>

## Net Cash Flow Distribution

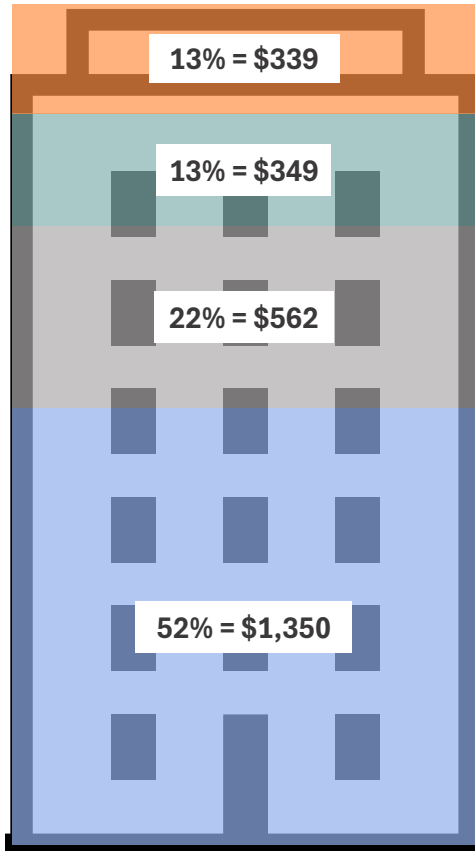
- Early cash flow does *not* automatically go to the developer. It is first used to pay investors (LPs) their required return.
- Depending on the partnership structure, early cash flow may either be split according to the equity split (e.g., 90% LP / 10% GP) *or* 100% of the cash flow may go to the LP until their **preferred return** is met.
- This means the *developer's share of cash flow in the early years is usually very small, and often zero*, even though the project shows a positive net cash flow on paper.
- The developer typically does not receive meaningful cash flow until several years into the hold period, or at the time of sale.

## Revenues & Expenses Per Year & Per Unit

Revenues	\$ Per Unit/Yr	\$ Per Unit/Mo	%
Revenue Per Unit	\$31,200	\$2,600	100%
<b>Expenses</b>			
Real Estate Taxes	-\$4,190	-\$349	13%
Operating Expenses (Other)	-\$6,746	-\$562	22%
<b>Total Expenses</b>	<b>-\$10,936</b>	<b>-\$911</b>	<b>35%</b>
<b>Net Operating Income</b>	<b>\$20,264</b>	<b>\$1,689</b>	<b>65%</b>
Debt Service	-\$16,200	-\$1,350	52%
<b>Net Cash Flow</b>	<b>\$4,064</b>	<b>\$339</b>	<b>13%</b>
LP Cash Flow	\$3,658 - \$4,064	\$305 - \$339	90% - 100%
Developer Cash Flow	\$406 - \$0	\$34 - \$0	10% - 0%

# CRCOG Housing Market Study – Housing Finance: Risk & Cost

## What Does Your Rent (per month) Pay For?



## Revenues & Expenses Per Year & Per Unit

Revenues	\$ Per Unit/Yr	\$ Per Unit/Mo	%
Revenue Per Unit	\$31,200	\$2,600	100%
<b>Operating Expenses</b>			
Real Estate Taxes	-\$4,190	-\$349	13%
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Operating Expenses	\$ Per Unit/	\$ Per Unit/Mo
Real Estate & Other Taxes	\$4,190	\$349
<b>Operating Expenses (Other)</b>	<b>\$6,746</b>	<b>\$562</b>
Payroll	\$1,518	\$126
Repairs & Maintenance	\$1,360	\$113
Utilities	\$1,206	\$100
Management Fees	\$763	\$64
Insurance	\$738	\$61
Administrative	\$728	\$61
Marketing & Advertising	\$332	\$28
Miscellaneous	\$101	\$8
<b>Total Operating Expense</b>	<b>\$10,936</b>	<b>\$911</b>

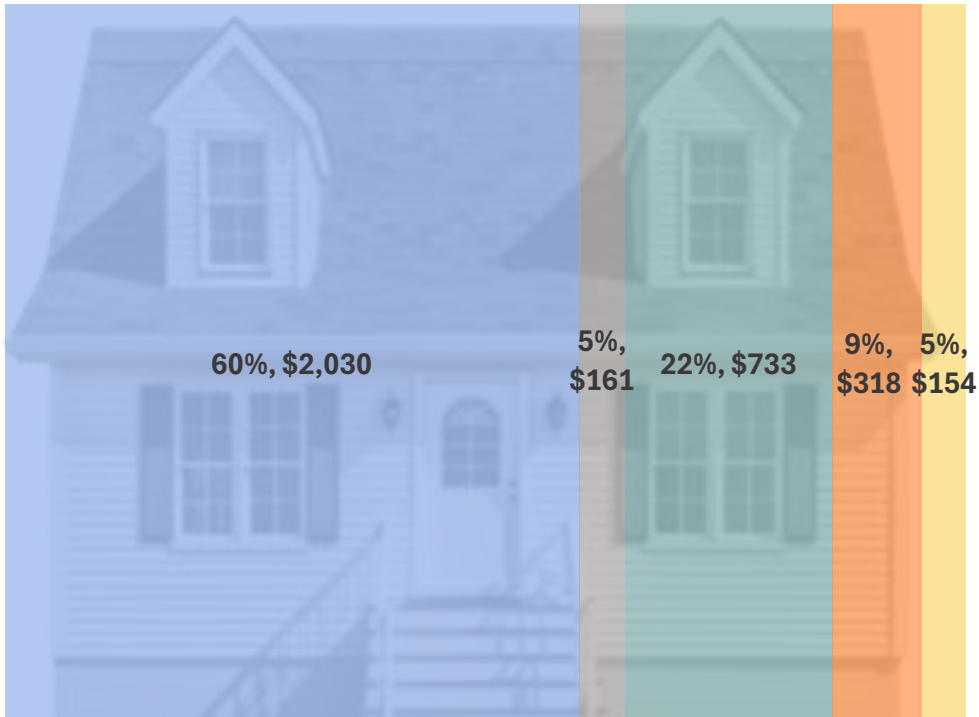


# Homeownership: Finance & Cost

# CRCOG Housing Market Study – Homeownership: Finance & Cost

## Homeownership Expenses Methodology

Using the CRCOG Median Home Value of **\$364,090**, a **6.31%** interest rate (market), the median CRCOG mill rate of **34.5**, and housing cost from the State DOH for utilities, the cost of homeownership in the CRCOG Region was calculated.



Median Home Value for the CRCOG Region	100%	\$364,090
Down Payment	10%	\$36,409
Mortgage	90%	\$327,681

Homeownership Cost	Yearly	Monthly
<b>Mortgage Payment</b>	<b>\$24,365</b>	<b>\$2,030</b>
<b>PMI</b>	<b>\$1,932</b>	<b>\$161</b>
<b>Property Taxes</b>	<b>\$8,793</b>	<b>\$733</b>
<b>Other Homeownership Costs</b>	<b>\$3,816</b>	<b>\$318</b>
Heating	\$1,656	\$138
Electricity	\$1,224	\$102
Water	\$936	\$78
<b>Homeowners Insurance</b>	<b>\$1,850</b>	<b>\$154</b>
<b>Total Costs</b>	<b>\$40,755</b>	<b>\$3,396</b>
<b>Affordable HH Income (Costs&lt;30%)</b>	<b>\$135,852</b>	<b>\$11,321</b>

# CRCOG Housing Market Study – Homeownership: Finance & Cost

## Homeownership Expenses Methodology

- CRCOG Median Home Value = **\$364,090**
- CRCOG Median Household Income = *\$95,817*
- Affordable Household Income (30%) = **\$135,852**

Earlier I asked: Who does the homeownership market serve?

*Answer: The highest income households.*

Home Price to Income ratio by Race:

White HH = 3.75

Black HH = 5.45

Hispanic HH = 6.18

CRCOG	% Occupied	% Owner Occupied	% Renter Occupied
Occupied Housing Units	100%	65.3%	34.7%
HOUSEHOLD INCOME 2023			
Less than \$5,000	2.9%	1.3%	5.9%
\$5,000 to \$9,999	1.8%	0.7%	3.8%
\$10,000 to \$14,999	3.5%	1.1%	8.1%
\$15,000 to \$19,999	2.5%	1.2%	5.1%
\$20,000 to \$24,999	2.8%	1.9%	4.6%
\$25,000 to \$34,999	5.9%	3.8%	10.0%
\$35,000 to \$49,999	9.4%	6.5%	14.9%
\$50,000 to \$74,999	13.3%	12.2%	15.3%
\$75,000 to \$99,999	12.3%	12.4%	12.3%
\$100,000 to \$149,999	18.6%	22.0%	12.0%
\$150,000 or more	26.9%	37.0%	8.0%

Household Type	Median HH Income
Total	\$95,817 (2025)
Family	\$115,158
Married Couple	\$140,809
Non Family	\$52,327
Renter	\$46,498

# CRCOG Housing Market Study – Homeownership: Finance & Cost

## CRCOG Median Home Value at 6.31% Interest Rates

Median Home Value for the CRCOG Region	100%	\$364,090
Down Payment	10%	\$36,409
Mortgage	90%	\$327,681

Homeownership Cost	Yearly	Monthly	%
Mortgage Payment	\$24,365	\$2,030	60%
PMI	\$1,932	\$161	5%
Property Taxes	\$8,793	\$733	22%
Other Homeownership Costs	\$3,816	\$318	9%
Heating	\$1,656	\$138	4%
Electricity	\$1,224	\$102	3%
Water	\$936	\$78	2%
Homeowners Insurance	\$1,850	\$154	5%
<b>Total Costs</b>	<b>\$40,755</b>	<b>\$3,396</b>	<b>100%</b>
Affordable HH Income (Costs<30%)	<b>\$135,852</b>	\$11,321	

## Recalculated at 5% Interest Rates

Homeownership Cost	Yearly	Monthly	%
Mortgage Payment	\$21,109	\$1,759	56%
PMI	\$1,932	\$161	5%
Property Taxes	\$8,793	\$733	23%
Other Homeownership Costs	\$3,816	\$318	10%
Heating	\$1,656	\$138	4%
Electricity	\$1,224	\$102	3%
Water	\$936	\$78	2%
Homeowners Insurance	\$1,850	\$154	5%
<b>Total Costs</b>	<b>\$37,500</b>	<b>\$3,125</b>	<b>100%</b>
Affordable HH Income (Costs<30%)	<b>\$124,998</b>	\$10,417	

# CRCOG Housing Market Study – Homeownership: Finance & Cost

## Reverse Calculation: CRCOG Median Income to Affordable Home Value

Median Home Value for the CRCOG Region	100%	\$239,470
Down Payment	10%	\$23,947
Mortgage	90%	\$215,523

Homeownership Cost	Yearly	Monthly	%
Mortgage Payment	\$16,025	\$1,335	56%
PMI	\$1,271	\$106	4%
Property Taxes	\$5,783	\$482	20%
Other Homeownership Costs	\$3,816	\$318	13%
Heating	\$1,656	\$138	6%
Electricity	\$1,224	\$102	4%
Water	\$936	\$78	3%
Homeowners Insurance	\$1,850	\$154	6%
<b>Total Costs</b>	<b>\$28,745</b>	<b>\$2,395</b>	<b>100%</b>
<b>Affordable HH Income (Costs&lt;30%)</b>	<b>\$95,817</b>	<b>\$7,985</b>	

## Price To Incomes Calculated by CRCOG Median Income

Rank	Town	Price to Income	Median Home Value
1	Avon	5.68	\$544,158
2	Canton	5.07	\$485,506
3	Glastonbury	5.03	\$482,054
4	Farmington	5.03	\$482,038
5	Suffield	5.00	\$479,410
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35	Vernon	2.74	\$262,157
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## Homeownership

- A household at the CRCOG Median Income of \$95,817 can't afford the purchase and ownership of a median priced home in any of the CRCOG communities, including the lowest median home value communities.
- Lower home-value communities may not have or offer the amenities consumers want.
- Both housing product (stock) and community amenities may not match consumer wants.

# Conclusions

# CRCOG Housing Market Study – Conclusions

## Some Conclusions

- CRCOG Region is a moderate to higher income region nationally.
- Housing costs are moderate in relationship to income.
- Housing affordability is *more* a problem of income—households *earning too little* to afford housing—than a problem of high housing costs.
  - Renter households are the most cost burdened.
- The housing market, especially new construction, serves higher income households.
  - As single-person households increase, household income decreases.
- Demographics, changes in household type and size, are creating a disconnect between the existing housing stock and the housing needs and wants of today's smaller households.
- The housing stock is aging and was built for the needs and wants of past generations—single-family detached favored larger and family-households.
- Longterm, housing supply has outpaced demand—recently demand has outpaced supply.
- Constructing new housing is costly, complex, takes time, and risky—new construction requires high rents (or purchase price) and high returns.
- Amenity value of communities may not match with consumer preferences.
- Weak demand drivers and slow production mean that providing a modern housing stock that better suits consumer preferences will take time.



# CRCOG Housing Market Study



Thank You!

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