

NEW HAVEN INDEPENDENT

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City Wants Its Workers To "Buy New Haven"

BY Paul Bass | MAY 3, 2012 4:10 PM

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THOMAS MACMILLAN PHOTO

LCI's Erik Johnson pitches plan to lawmakers.

Taking a page from a political campaign opponent, City Hall unveiled a plan to convince teachers, cops, firefighters, and other government employees to buy homes in town.

Officials call it a "Buy New Haven" campaign.

Livable City Initiative (LCI) chief Erik Johnson introduced the planned campaign at [a budget hearing this week](#). He's asking the Board of Aldermen to approve \$500,000 in bonding this coming fiscal year so they city can help 100 to 125 families buy homes. He's asking for another \$500,000 to help people rehabilitate houses for energy efficiency.

"Buy New Haven" would lend city workers (including Board of Ed, police and fire employees) \$12,000 to \$15,000 to cover downpayment and closings costs on new homes in town. They'd get the higher number if the city has already invested money, say through a not-for-profit developer, to improve the property. The loans would gradually be forgiven over five years if the families stay in the houses.

Only 39.9 percent of Board of Education employees and 53.0 percent of other city government workers live in New Haven, according to statistics released by City Hall Thursday. [Click here](#) to read the town-by-town residency breakdown.

As Johnson introduced the campaign idea at Tuesday night's budget hearing, Downtown Alderman [Doug Hausladen tweeted](#): "My day was just made! I've been pushing this exact carrot (employee homebuyer program) for years! Great idea."

Unlike past homebuyer programs, including a smaller version currently in place now in the city, "Buy New Haven" would seek to include middle-class families, not just those earning less than 60 percent of the area median income.

"This is not an affordable housing program," Johnson said in an interview in his third-floor City Hall office Thursday. "This is to get principals and teachers and firefighters and city managers to realize New Haven is a viable option for them to buy a house a raise their families."

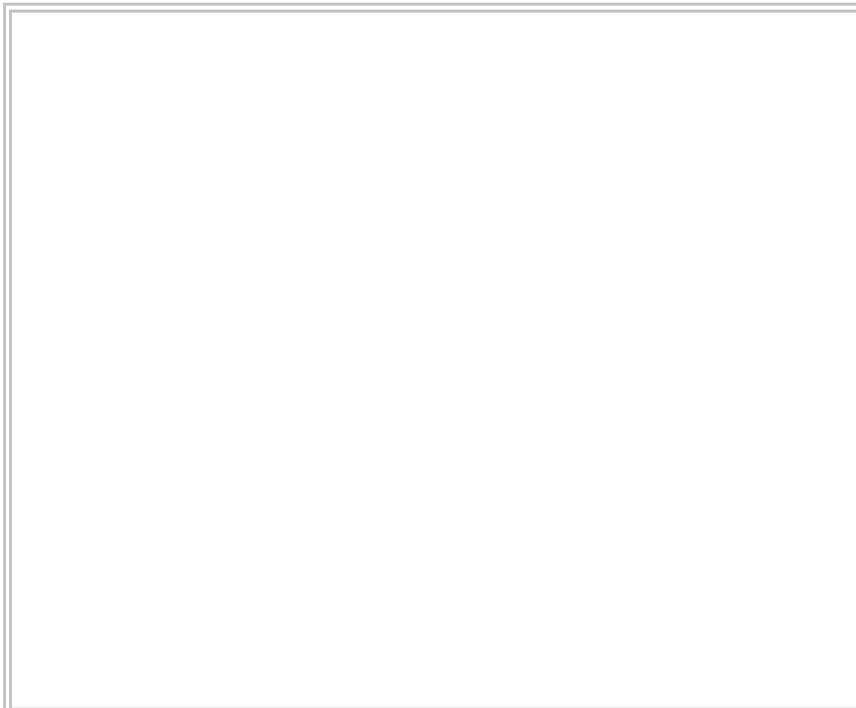
New Haven's growing, Johnson said. It will continue to grow with more biomedical and other development projects coming online. So the city needs housing for more renters and homeowners alike.

The city's current version of the program targets low-income homebuyers. It doesn't target city workers. At \$150,000 a year, it helps maybe 30 to 40 families, according to Johnson.

Johnson also hopes to steer homebuyers to other help available from agencies like the Connecticut Housing Finance Authority, which offers low-cost mortgages to cops, teachers and firefighters buying in the city.

"This is another way for the city to invest in its workforce" at all levels, Johnson said.

A Trend



The idea of encouraging workers to live locally began with Yale's homebuyer program in 1994. Over 1,000 Yale employees have since bought New Haven houses. (Read about that [here](#).) The two local hospitals since developed versions of the program, too.

During public hearings over the past couple of years, some aldermen, such as Darnell Goldson, have pushed the idea of encouraging local residency for city workers. Goldson, for instance, proposed that suburban-dwelling city workers moving into town get to pay no car taxes for a year, while those remaining

in the 'burbs pay a "community contribution" tax.

The general argument is that police officers in particular will develop stronger ties to neighborhoods and help stabilize them if they live in them and have a personal stake.

City employees do a great job, but there's still a "mental shift" when they live in the city, argued Alderman Hausladen. Living in town keeps money (from government salaries) in New Haven, he noted. And it "emotionally" "aligns" city workers' interests with those of the people they serve.

"Jeffrey Kerekes has been talking about this for years," Hausladen noted, referring to the community budget watchdog and 2011 mayoral candidate. Kerekes proposed a "Come Back Home" homebuying program for city workers at a June 22 press conference in City Hall, two floors down from Johnson's LCI office. ([Click here](#) to read about that, and on the play arrow to the above video to watch.)

That came as a surprise to Johnson in an interview Thursday.

"I'm not familiar with the Kerekes plan," he said.

Lessons From Round One



Johnson is familiar with a relevant statistic: New Haven has a 26 percent homeownership rate. He'd like to see it climb. That's a major goal of the proposed campaign; he said he doesn't have a specific target.

New Haven set similar targets when the DeStefano administration created Johnson's agency, LCI, back in the mid-1990s. But despite homeownership programs, the percentage stayed fairly constant. Mayor John DeStefano later said that experience convinced him there are limits to how much a city government can increase the percentage of homeownership.

Nationally a similar dynamic occurred: The Clinton Administration's Department of Housing and Urban Development, under then-Secretary Henry Cisneros, made increasing homeownership, especially for working families, a central goal. It turned out a lot of people who bought homes with government help couldn't afford to keep them off; that, along with predatory lending practices, helped lead to the subsequent foreclosure crisis sweeping the nation.

Asked what lessons government can learn from that experience, Johnson responded, "You shouldn't offer homeownership opportunities to people who can't afford them." And banks should do their due diligence before lending without making the process too onerous, he said.

He also stressed that LCI promotes lots of affordable rental housing. The new "Buy New Haven" campaign would seek to keep homeownership in the mix as the city expands.

He noted that the average price of a house has grown far faster than average incomes over the past decades, making downpayments an obstacle to homebuying for families who otherwise can afford it.

Now he has to convince the aldermen to OK money for the campaign in upcoming budget deliberations. Board President Jorge Perez called the concept "a great idea. I like the idea of giving people a carrot."

While he's "not questioning the merits of the program," Perez did question why LCI wants the city to sell bonds to cover it as a capital project rather than use regular operating funds. "Accounting 101 says capital projects" include buildings or fire engines or windows, not downpayments. "I'm not saying it's right or wrong" to borrow for the homebuyer program, Perez said; he just wants to hear the rationale.

He asked that of Johnson at Tuesday night's hearing; Johnson at first said the city didn't have other money available.

"That's like me telling a cop, 'Officer, I ran the red light because I really needed to get home because it's 12:28,'" Perez later argued.

Johnson subsequently told Perez he'd get back with an answer. He said the same thing in Thursday's interview.

Thomas MacMillan contributed reporting to this story.

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