



■ ECONOMIC DEVELOPMENT

For this CT business, ‘workforce housing’ is actually working

Amid an acute housing shortage, one employer found a remedy: purchasing property outright and housing staff for free.



by Erica E. Phillips

August 2, 2023 @ 5:00 am



Marylyn DeJesus, a head teacher at Friends Center for Children in New Haven, moved into housing provided by the school in June 2021 with her child, John Antoni. IAN CHRISTMANN / COURTESY OF FRIENDS CENTER FOR CHILDREN

In response to lobbying from employers, the General Assembly passed legislation this year aimed at incentivizing investment in “workforce housing” — developments that set aside a portion of units for teachers, police officers, emergency medical personnel and other professions specific to a local area.

The legislation, tucked into this year’s omnibus housing bill, offers a tax break to individuals and businesses that invest in new “workforce housing” and eases permitting and tax requirements for developers.

But for some employers, the legislative solution wasn’t bold enough.

Proposed developments would have to gather investors, find a qualifying site, get approval from the state and then begin construction, which could take up to three years. And tenants ultimately occupying the new units would still have to pay rent — at varying rates.

Amid Connecticut's acute housing shortage, one New Haven employer found a quicker way to remedy its problem: by purchasing property outright and housing its staff for free.

"It helps with our rates of retention ... and it's a good way to attract talent," said Allyx Schiavone, executive director of Friends Center for Children, a child care provider in the city's Fair Haven Heights neighborhood.

With a gift of \$750,000, the Friends Center purchased and refurbished two properties (a total of four units) in late 2020. Within three months, four teachers and their families had moved in. The teachers' salaries remained the same and they are paying only the cost of utilities on the properties they occupy. The organization budgets about \$10,000 a year for maintenance, and the school provides financial counseling to resident teachers, guiding them through debt repayment and saving up for their own homes.

Friends Center has also undertaken new construction on the land adjacent to one of its teacher housing properties, which was also purchased with the 2020 grant funding. With assistance from a class of students at the Yale School of Architecture, they'll be adding two more units in the next few months and several more in the years to come.

"We eventually want to have 22 units, which will be 30% of our staff," Schiavone said.

The child care sector has faced particularly steep financial challenges as declining unemployment strained the labor force in recent years.

Providers say they can't raise tuition on struggling parents, which means they can't raise teacher salaries to compensate for the rapidly rising cost of living. Increasingly, many child care operators say they're competing for staff with the retail sector, where hourly wage rates have gone up to as much as \$20 or \$22 at some businesses.



Allyx Schiavone, executive director of Friends Center for Children in New Haven, visits the site where Yale Architecture students are building new housing for her staff. ERICA E. PHILLIPS / CT MIRROR

Meanwhile, inflation has driven up the cost of food and other supplies that child care providers need in order to keep their doors open. Since tuition and state funding only cover a portion of their costs, most providers cover the gap with fundraising and in-kind donations, like operating out of church facilities or on college campuses.

“We’ve wrestled with the essential question of, ‘How do we raise teacher salaries without charging families more?’” Schiavone said. Her solution was to make a one-time investment in housing property in order to offset a major personal expense for the center’s teachers — similar to the benefit health care insurance provides.

“We can go buy a house, which will then allow us to ‘raise’ four teachers’ salaries forever,” she said. “Forever.”

The model may not appeal to other types of businesses. The Connecticut Business and Industry Association supported the “workforce housing” tax incentive in part because many of its employer members don’t want the extra hassle of being landlords. Instead, they hope incentivizing investment might accelerate new housing development more broadly.

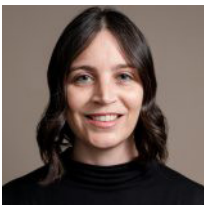
But leaders in the child care sector say ensuring their teachers can afford to live locally is too urgent.

Earlier this year Gov. Ned Lamont established a “Blue Ribbon Panel” of public and private sector leaders, early childhood experts, educators and parents tasked with designing a strategic plan to stabilize the state’s child care system.

Schiavone said she hopes the panel considers infrastructure investments like teacher housing. She said the Friends Center’s teacher housing program is “absolutely scalable” as a state or federal initiative, making one-time investments in housing allocated by each municipality to their local child care providers based on need.

By building and owning the housing asset, rather than incentivizing an outside developer to build it, child care operators and their staff would glean the most value from it.

“The impact is really in the ‘free,’” Schiavone said, referring to workforce housing. “That really is what will significantly change salaries to a level that is closer to a professional wage.”



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Erica covers economic development for CT Mirror. Before moving to Connecticut to join the staff she worked in Los Angeles for public radio’s Marketplace and, before that, for the Wall Street Journal’s L.A. bureau. She grew up in Minneapolis, MN, graduated from Haverford College and earned a master’s in journalism from the University of Southern California.