



Town of Old Lyme

Affordable Housing Plan Community Workshop #1

February 15, 2022

The Old Lyme Affordable Housing Commission and the Lower Connecticut River Valley Council of Governments (RiverCOG) is hosting this on-line community workshop to discuss the work in progress toward preparing a state-mandated Affordable Housing Plan for Old Lyme. Housing and demographic data will be reviewed, and the most recent thinking on a housing strategy to meet current and future needs will be presented. A live pulse poll and an open question and answer session will follow.



Agenda

- Call to Order
- Affordable Housing Plan Community Workshop
 - Introduction
 - Background Info
 - Current Thinking on Strategy
 - Case Studies
 - Interactive Pulse Poll
 - Summary
 - Q&A, Discussion
- Adjournment



About the Affordable Housing Commission

BACKGROUND

- Established in 2021 as successor to the Affordable Housing Exploratory Committee
- Charged with planning, coordination, recommendations
- Expected to serve as a center of expertise on policy and practices

2022 PRIORITIES

- 8-30j Affordable Housing Plan
- McCulloch Open Space Option
- ARPA Funding Proposal
- Building knowledge base and network

MEMBERS

Michael Fogliano, Chair
Jenn Miller, Vice-Chair
Karen Winters
John Coughlin
Bill Belluzzi
Amy Hosier (alternate)
Laurie Walker (alternate)
Vacancy (alternate)

FOR MORE INFORMATION

- Monthly meetings 3rd Wednesday 5 PM
- Meetings are recorded
- Public welcome & encouraged to attend

<https://oldlyme-ct.gov/affordable-housing-commission>

RELATIONSHIP TO REGIONAL HOUSING

- Follow up to Regional Plan of Conservation and Development (RPOCD)
- Partnership among towns in the region
- Completed in two parts:
 - Regional Housing Analysis
 - Focus on region-wide trends / challenges
 - Recommendations focus on how the region can assist the towns in housing coordination and creation
 - Municipal 8-30j Plans (Annexes)
 - Focus on town specific affordability conditions and strategies



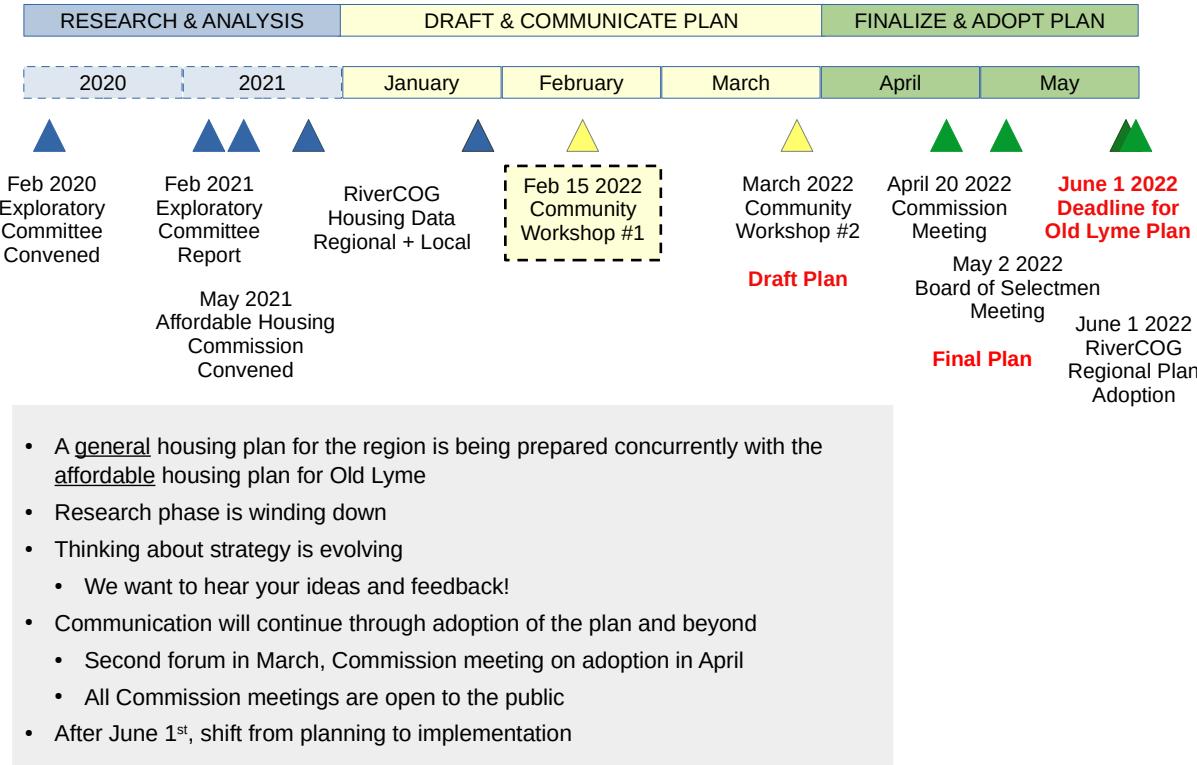
Each part of the process informs the other



Most of this presentation is about the local affordable housing plan for Old Lyme, but there is a parallel plan in progress at the regional level addressing general housing needs – not just affordable.



Planning Process and Timeline



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At this point in the planning process, we're coming out of a long period of information gathering and learning about the data and laws and policies and practices surrounding Affordable Housing, and have started to pull that all together into a plan for Old Lyme.

This presentation will highlight some of the most important information from that research, and introduce you to the current thinking on what a strategy to meet Old Lyme's needs could look like.



About the Numbers

- 2020 U.S. Census data and analyses are being released over time starting this year. Many analyses are still based on the 2010 census.
- Changes resulting from the pandemic are still playing out.
- New data will be incorporated as it becomes available

We do not expect major changes in the data that will require fundamental shifts in our planning



An Affordable Housing Plan for Old Lyme Guiding Principles

- Aimed first and foremost to **meet the needs of Old Lyme** residents, present and future, in all stages and walks of life
- Must **preserve Old Lyme as an essentially small town**, and embody established community priorities and values
- Will consider relevant policies and practices, and will comply with statutory requirements, but **will not be driven by arbitrary goals** and thresholds
- Is the **beginning of a community conversation**, not the end



What is “Affordable Housing”?

- Generally defined as owner occupied or rental **housing that costs 30% or less of household income**
- Legally defined in CT as housing that, through subsidy or deed restriction, costs no more than 30% of the income for low-income households, defined as earning 80% or less of the area median income (AMI) as set by HUD. The current AMI for Old Lyme is \$88,600.
- Housing costs include mortgage or rent, taxes, fees, utilities, maintenance

Qualification Limits for Old Lyme	Maximum Annual Household Income	Maximum Monthly Housing Budget
Household size = 1	\$55,950	\$1,399
Household size = 4	\$79,900	\$1,998

About 1 in 4 households in Old Lyme today are spending more than 30% of their income on housing

Sources: US Dept. of Housing and Urban Development, Partnership for Strong Communities 2020 Old Lyme Town Profile

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You might be surprised at the income levels that qualify as “low”.

Entry level positions in occupations such as teaching, health care, public safety, and STEM as well as the service industry can fall into the “low income” range.

Even so, about 1 in 4 households in Old Lyme are cost-burdened by housing, meaning that more than 30% of household income is spent on housing costs.



Relevant Statutes and Regulations

- Connecticut General Statutes Sec. 8-30g
 - **Sets qualification requirements** for affordable housing
 - For occupants, based on HUD income limits
 - For housing, based on cost of ownership or rent + deed restriction
 - For developments, with at least 30% of the units set aside and restricted as affordable
 - **Defines a process for developers to appeal denials** of applications for affordable housing projects, with the burden of proof on towns
 - Applies to towns with less than 10% of their housing qualified as affordable (Old Lyme has less than 2%)
 - Towns lose 70% of appeal cases
- Connecticut General Statutes Sec. 8-30j
 - **Requires towns to prepare and adopt an Affordable Housing Plan** that specifies "how the municipality intends to increase the number of affordable housing developments in the municipality"
 - First version due by June 1st 2022, updates required every 5 years
- State and Federal Fair Housing
- Federal Department of Housing and Urban Development Income Limits
- Federal EPA, CT Department of Energy and Environmental Protection

The 8-30g "10%" is an exemption threshold for the appeals provisions – NOT a mandate

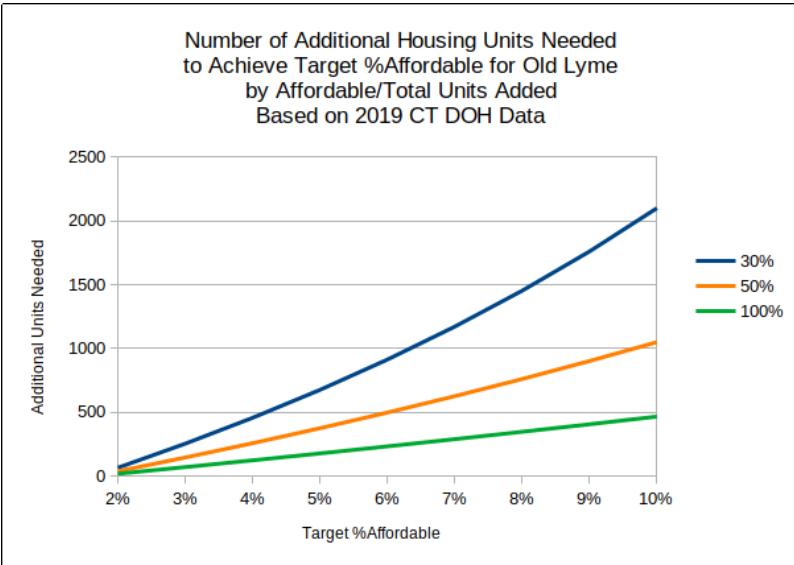
You'll be seeing the term "deed restriction" – which means that the terms of the deed to a property require that an owner-occupied home is sold to a buyer qualified by income at a qualified affordable price, or a rental unit is rented to a tenant qualified by income at a qualified affordable rent. The term of a deed restriction under 8-30g ranges from 10 to 40 years.

The state-mandated plan must specify "how the municipality intends to increase the number of affordable housing units" but does not set any specific goals for the amount of that increase.

If you remember anything about 8-30g, remember that the "10%" is not a mandate.



What We Have Learned About 8-30g



- To meet the 8-30g 10% exemption target, Old Lyme would need about 500 new affordable housing units at a minimum, and up to over 2000 depending on how many market rate units are also developed.
- Even at 100% efficiency, the 10% target is practically unachievable when land, public water and sewer limitations, low development rates, and environmental factors are considered
- This demonstrates the importance of a high ratio of affordable to market rate units in affordable housing developments in order to make progress without “moving the goalpost” at the same time.

The 10% 8-30g exemption threshold is not realistically achievable for Old Lyme

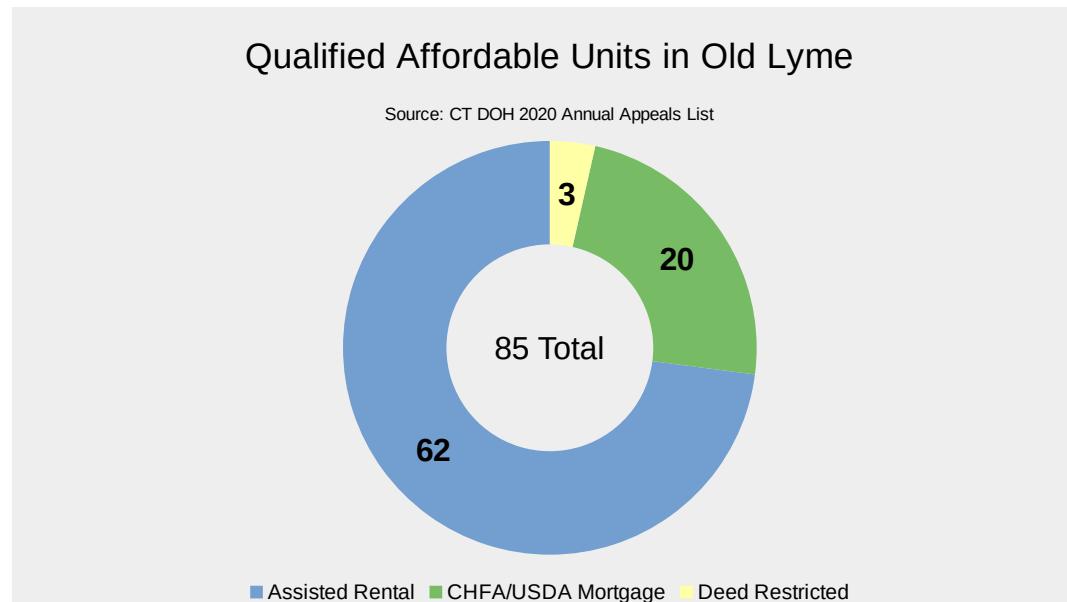
Old Lyme would need between about 500 to over 2000 new units of qualified affordable housing to reach the 10% 8-30g exemption threshold depending on how many market priced homes were added at the same time.

*At the current rate of new housing development which is about 5-6 per year in Old Lyme, even if every new home built from now on was qualified affordable, **it would take almost 100 years** to reach the 10% exemption threshold.*

This is clearly unrealistic as a goal.



What We Have Learned About 8-30g



We need to think less about deed restriction, more about collaborations and incentives to create naturally affordable housing, and promoting CHFA/USDA mortgages

Source: CT DOH 2020 Annual Appeals List

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Most of Old Lyme's current stock of qualified affordable housing is in the assisted rentals at the Lymewood and Ryefield Manor senior communities. The second biggest contributor is assisted CHFA and USDA mortgages, with deed restricted units a minor contributor. This pattern is the same across the region and the state, in towns and cities of all sizes.

What does this tell us? Deed restriction has not been a major contributor to increased affordable housing. We need to think less about deed restriction, and more about collaborations and incentives to create naturally affordable smaller-scale housing that could qualify for assisted mortgages.



Some Important Numbers for Old Lyme

Population	Total Residents 7400↓	Total Households 3200	1-2 Person Households 70%↑	Burdened Households 800+
Housing Stock	Total Units 5000	Seasonal 26%	3+ Bedrooms 70%	Rentals 12%
Housing Costs	Avg Price \$387K↑	< \$200K 10%	Avg Rent \$1300↑	Affordable 85

Sources: CT DOH 2020, PSC 2020, CERC 2021, ACS 2019. Full results of 2020 census pending.

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These dozen data points are the tip of a very large iceberg.

Even so, they tell a story.



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You may have already noticed that Old Lyme has about 5000 houses, but only 3200 households.

How can that be?

The answer is in seasonal and vacant units, which combine to account for over 1/3 of the housing stock in Old Lyme – most in the region and among the most in the state. If you take those out, there are about 3200 year-round occupied units, which matches the number of households.



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Note the mismatch of over 800 burdened households today served by an inventory of 85 qualified affordable units and fewer than 500 homes (including seasonal) valued at less than 200K – which is around the upper limit of affordability.

There is virtually zero availability of either.



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Another mismatch: the majority of the households in Old Lyme are 1-2 people. These include empty nesters reflecting the aging population but also young people, reflecting a generational shift in household formation patterns.

However, the majority of the homes in Old Lyme are large 3+ bedroom houses.



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Good news and bad news on rentals:

The good news is that the average rent is close to the affordable range – though rising.

The bad news is that there are very few rentals in Old Lyme, and again, zero available at the lower end of the rent scale.



Some Important Numbers for Old Lyme

New
Affordable
Built Since
2002

0

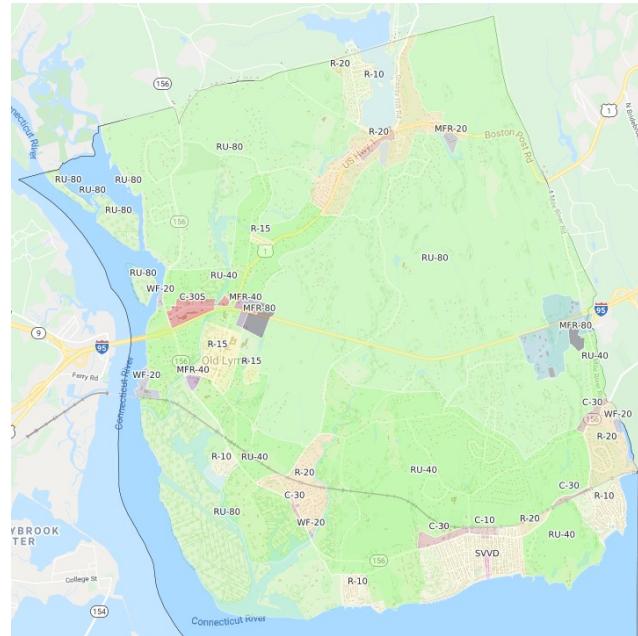
It has been over 20 years since the last new unit of affordable housing was built in Old Lyme.



Land Use and Zoning

- Less than 10% of the properties in Old Lyme are available for development
- 20% protected as open space or by conservation easement
- Of the available land, not all is suitable for development due to environmental factors such as protected areas, watersheds, watercourses, wetlands and ledge
- Municipal sewer and water systems are limited to a few beach community areas
- Zoning districts predominantly favor low density single family

Zoning Map



Source: <https://oldlymect.mapgeo.io>

Most of Old Lyme is zoned for low density detached single family homes

Green areas on the map are the single family low density residential zones. You can see that the vast majority of the map is green.

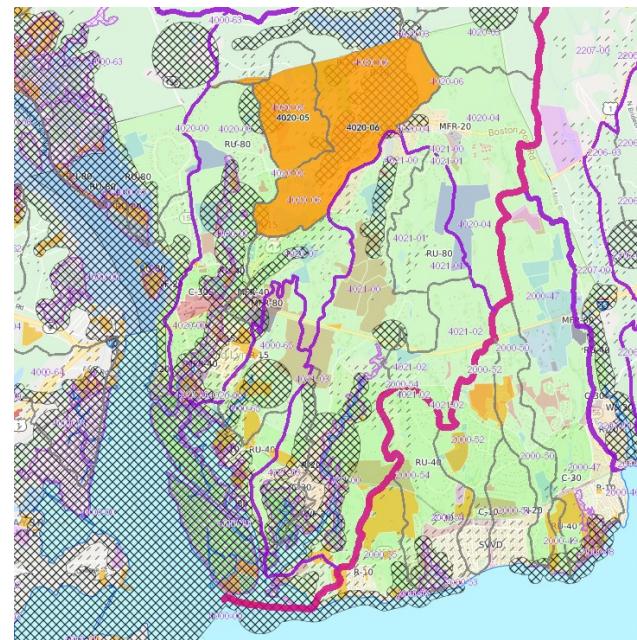
You might be thinking that it looks like there's plenty of land available.



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Zoning + Open Space, Watershed, Protected



Source: <https://oldlymect.mapgeo.io>

There is very little buildable land remaining in Old Lyme

The picture changes when you consider open space, watershed and watercourses, and protected areas. And if you were to zoom in on the remaining green areas, you would see that much of it is already developed.

Bottom line: there is very little available land in Old Lyme.

We'll be taking a closer look at this over the coming weeks in a more detailed capacity analysis.



Key Findings from the Regional Study

- Jobs, housing, and the economy are all tightly linked
- Our economy is increasingly dependent on a workforce made up of smaller households seeking smaller homes and rentals
- As our current population continues to age, it will become increasingly difficult to find people to move to Old Lyme and buy the large homes that currently make up most of the housing stock
- The socio-economic health of the entire community is at risk
- We have opportunities to improve this forecast, and housing needs to be part of the plan

Full presentations and materials from the 10/12/21 and 1/24/22 Regional Housing Plan Meetings are available at <https://www.rivercog.org/rhp>

Old Lyme is unique – but is not an island. We are part of a regional and state economy, and we're affected by what goes on around us.

Regional cooperation and planning will need to be part of the solution.



Key Findings from Local Studies

Planning Commission

“... options should be considered for a quantity and variety of other compatible housing types sufficient to meet the needs of various age groups, income levels and family configurations. This should include multi-family, mixed use and accessory apartments. This process should be open to regulatory changes that provide incentives to develop affordable housing. This should include changes to the current regulations for accessory apartments, possible overlay of zones and mixed-use development”

“... the lack of available housing for young adults is having a negative impact on recruitment for volunteer services such as the Old Lyme Fire Department and Ambulance Association, threatening the sufficiency of such purely voluntary services.”

- 2020 Old Lyme Plan of Conservation and Development

“There is evidence that Old Lyme’s lack of housing diversity is constraining its growth. Furthermore, additional housing options could help bring the density needed to support the additional dining, entertainment, and retail options desired by the residents. A variety of housing types, sizes, and price points should be considered.”

- 2020 Old Lyme Economic Development Commission Report

Economic Development Commission

The Affordable Housing Commission is not the first or only Old Lyme Commission to recognize the need for more housing options.



The Case for More Housing Options in Old Lyme

800+ Cost Burdened Households	85 Affordable Units Zero availability
Housing for Essential Service Workers: Teachers, Police, Volunteer Firefighters, Health and Elder Care	\$400K median home price 10% of stock valued at \$200K or less
Workforce Housing for Small Businesses, Service Industry and Amenities	Very few rentals Zero availability
Smaller Households	Most homes are 3+ bedrooms
Aging Population	Multi-year wait list for senior housing
Future Economic Health	Limited development capacity Current zoning regs favor status quo Regional and local studies

VS.

Old Lyme needs more housing options – including affordable

On the left we have the over 800 cost burdened households, the housing needs of essential services and the workforce to support local businesses, against high home prices and few qualified affordable units and rentals, with near zero availability on the right.

We have increasing demand for smaller homes against a stock that is primarily large, 3+ bedroom houses.

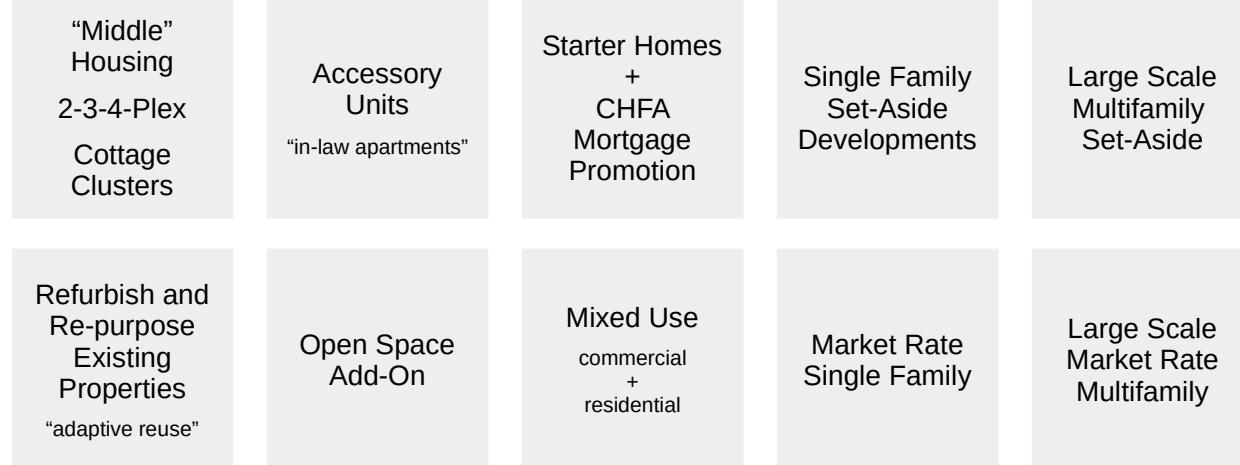
An aging population against multi-year waiting lists for senior housing.

In addition to not meeting the needs of low income households, this poses to a threat to our economic health, with few options to change course due to the limited capacity for development and zoning regulations that favor the status quo.

*Bottom line: Old Lyme is not prepared to meet current **or** future housing needs.*



What Are the “Options”? How Do We Think About Them?



Consider:

- Is there a path to **affordability**?
- Can projects be implemented with high **efficiency**?
- Can projects work within land, water, and sewer **limitations**?
- Are there **dependencies** on other initiatives or third parties?

There are multiple housing options that can provide a path to affordability. A few key questions can be asked to help sort and prioritize them:

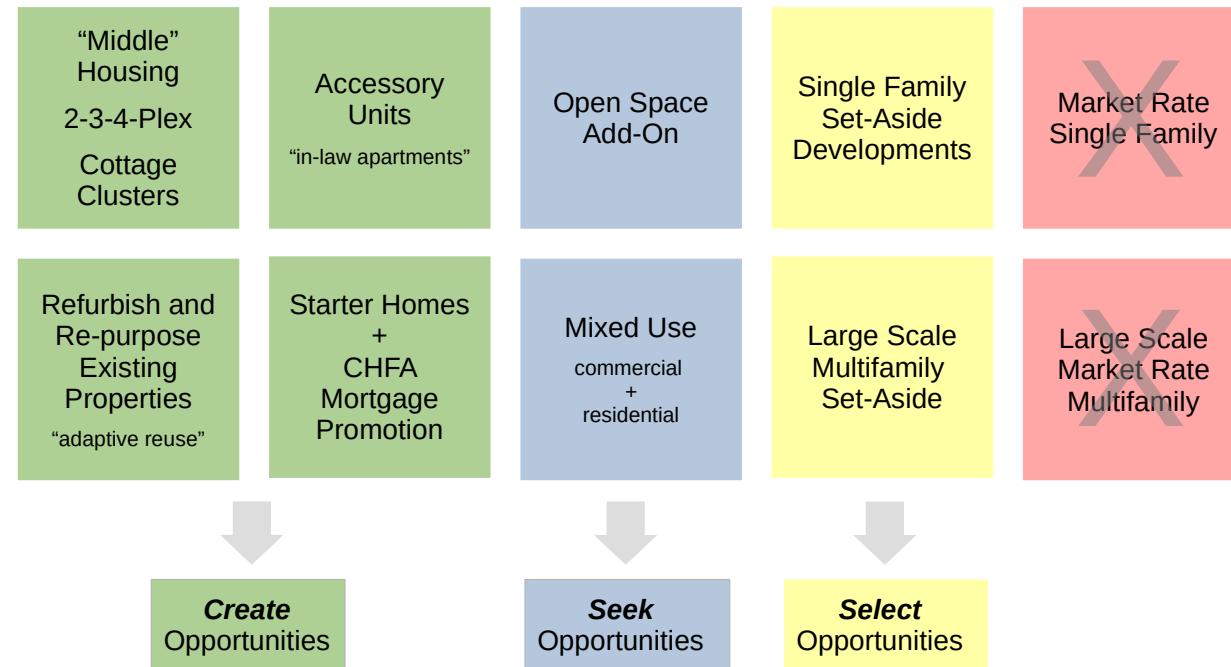
Is the requirement for land small, or ideally zero? Can an on-site water supply and septic system be used instead of public water and sewer?

Is there a need for an existing project as the entry point, such as an economic development initiative or open space acquisition?

Will additional market rate housing need to be created at the same time?



A Strategy Begins to Take Shape



If you consider those questions, the options start to sort themselves into 4 groups: (1) naturally affordable, smaller scale approaches that require a minimum of land and don't require public sewer or water, (2) add-ons to open space acquisitions or economic development projects, (3) set-aside developments that will need to overcome obstacles around land, water and sewer, and will likely also create additional market rate units that "move the goalpost", but may yet present opportunities, and (4) the market rate approaches that may be part of a general housing plan but not an affordable housing plan.

Note that these can be combined, for example: refurbishing a single family home as a duplex, or building a small cluster of starter homes as an open space add-on.



CASE STUDIES

POTENTIAL OPTIONS

- 1) Enable more widespread availability of Accessory Dwelling Units for seniors and small households**
- 2) Create opportunities for "Middle Housing", such as duplexes and small clusters of starter homes**
- 3) Explore Adaptive Reuse opportunities to repurpose existing buildings into affordable housing**

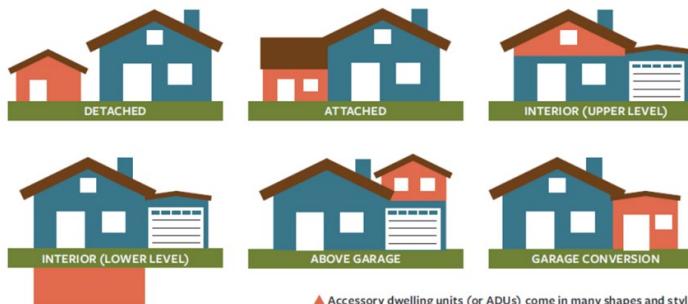


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OPTION #1: ACCESSORY DWELLING UNITS

What is this option?

- ADUs are small dwellings on the same property as a single-family home.
- ADUs can provide naturally affordable housing options and can provide homeowners with additional income, which can reduce overall costs.



OPTION #1: ACCESSORY DWELLING UNITS

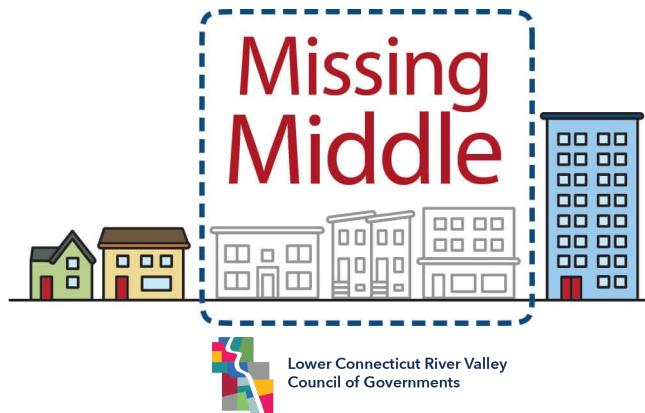
Case Study: Town of Mansfield Zoning Regulations

- Permitted with Zoning Permit in single-family residential zones.
- ADU can be detached or attached.
- ADU or principal dwelling must be owner-occupied for >6 months/yr.
- Size limits of 1,000 square feet or 50% of the area of the principal dwelling, whichever is less.
- Must have separate kitchen, bathroom, and entrance from main dwelling. If attached to the main dwelling, entrance can't be located on the front façade.
- Maximum occupancy requirements.
- Certification with Town Planner required every 5 years.

OPTION #2: MIDDLE HOUSING

What is this option?

- "Middle Housing" = multi-family units compatible in scale and form with single-family homes, 1.5 to 2.5 stories in height
- Includes two-family, three-family, fourplex, cottage courts
- New construction or conversion of larger homes
- Particularly beneficial in walkable areas
- Example in Old Lyme on Route 156



OPTION #2: MIDDLE HOUSING

Case Study: Cottage Courts – Langley, WA

- Targeted at one- and two-person households that are traditionally overlooked by developers
- 8 cottages of 2/3 of an acre
- Community-oriented setting
- Developed under a new innovative cottage zoning code allowing double density for cottages less than 700 square feet in size
- Shared gardens and common areas
- Confirmed the strong market for this housing type
- Largely located in the Pacific NW



OPTION #2: MIDDLE HOUSING

Case Study: Duplexes

- 1 to 2.5 story detached structures with two housing units
- Units can be stacked or side by side
- Appearance of single-family home
- New construction or conversion of single-family home
- Reminiscent of common older housing types from 1920s and 1930s



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OPTION #3: ADAPTIVE REUSE

What is this option?

- Reuse of existing buildings for new purposes such as housing
- Promotes infill development – existing services and infrastructure
- Can include both residential and non-residential structures
- Historic preservation
- Environmental benefits
- Cost savings



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OPTION #3: ADAPTIVE REUSE

Case Study: The Lofts at Spencer's Corner, Essex, CT

- HOPE Partnership modernizes and updates old buildings to create affordable housing
- Converted a portion of a commercial building into 17 affordable units
- Mixed-use project with retail, office and apartments
- Constructed with federal and local funding
- Targeted at younger families
- Units rented to tenants earning between 30% and 80% of AMI



CONSERVATION SUBDIVISION

Case Study: Town of Guilford

Great Hill Cottage Community

- 10 deed-restricted, 1,400 – 1,700-square-foot cottage homes
- 2 to 3 bedrooms, 1.5 stories
- 12-acre lot, 1 mile from town center
- Designed to meet United States Department of Energy's "Net Zero Energy Ready" program



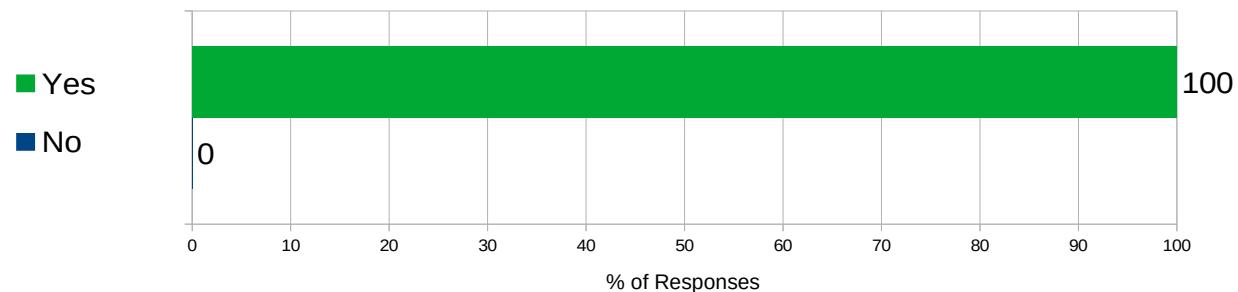


PULSE POLL RESULTS

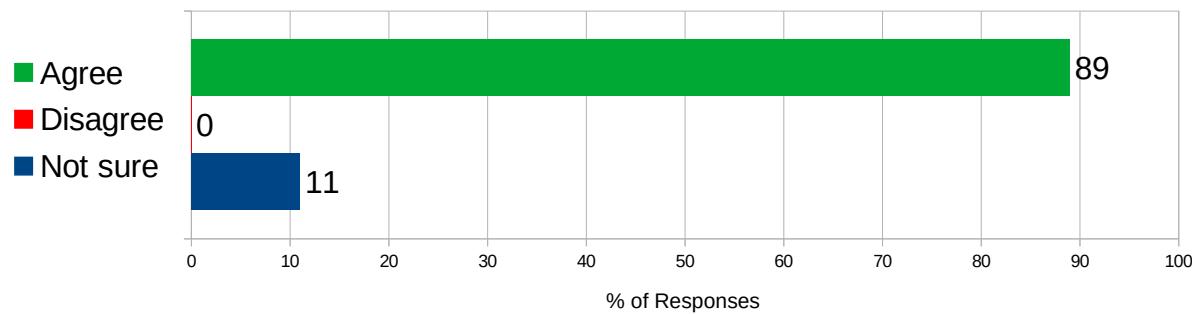


Pulse Poll Results

I now have a better understanding of what affordable housing is.



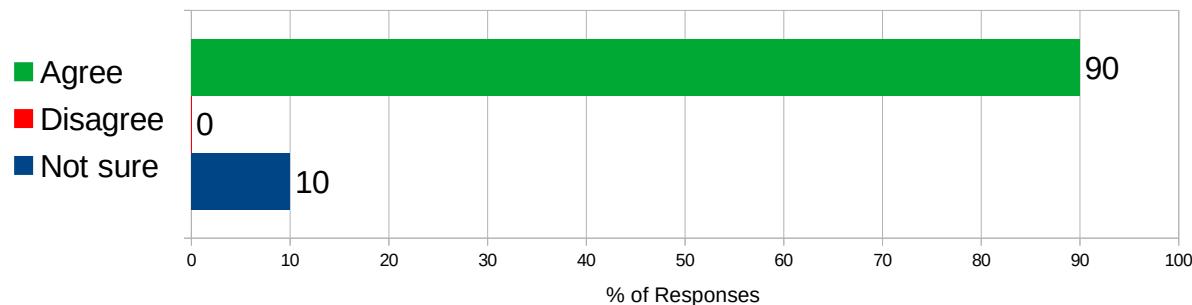
Old Lyme needs more housing options, including affordable.



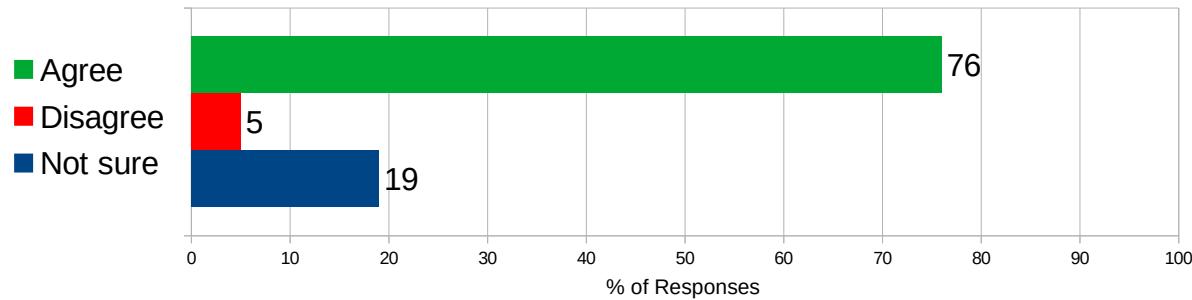


Pulse Poll Results

The current thinking about strategy is generally on the right track.



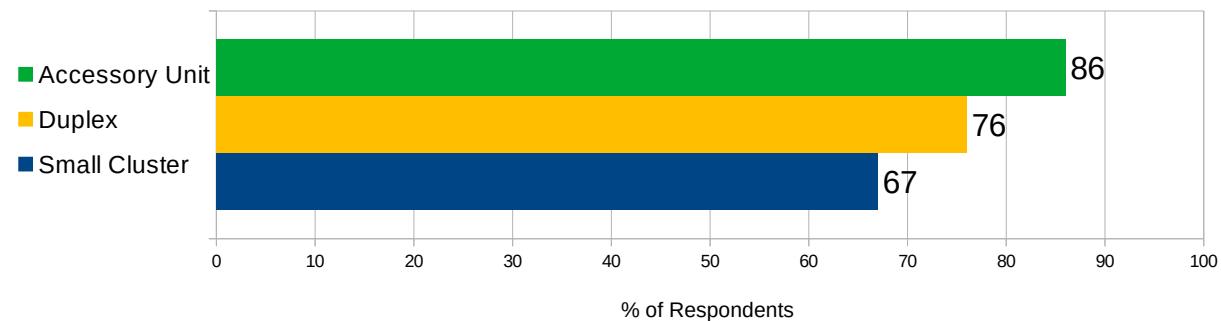
I could support an investment by the town in distressed properties to refurbish for sale or rent as affordable housing.





Pulse Poll Results

I could be comfortable with the following housing options in my neighborhood:





Summary

- Current reality
 - **Significant housing gap**, likely to become larger
 - **Significant barriers**
 - **Encouraging opportunities**
- How do we make progress?
 - **More housing options, including affordable** to meet current and future needs
 - Increasing the stock of 0-2 BR, senior, CHFA/USDA mortgage-eligible starter, and rental units
 - **Efficient development, scaled to work within limitations** on land, water, and sewer
 - Small-mid scale multifamily, multiplex, and clusters
 - Accessory dwelling units
 - Adaptive re-use of existing properties
 - **Policy and regulatory changes**, at both local and state levels
 - Current zoning regulations favor a status quo that is increasingly out of step with housing needs
 - Additional incentives may be needed to help create a conducive environment
 - State policy and statutes don't adequately consider the unique challenges experienced by small towns
 - **Partnering** with funding organizations and developers, within town government, and regionally to create opportunities instead of waiting for 8-30g applications



What Comes Next

- The planning work continues
- Another community workshop in mid-late March

Visit the websites:

<https://www.oldlyme-ct.gov/affordable-housing-commission>

<https://www.rivercog.org/rhp>

Contact the Affordable Housing Commission:

<https://www.oldlyme-ct.gov/user/1441/contact>



An Affordable Housing Plan for Old Lyme Guiding Principles

- Aimed first and foremost to **meet the needs of Old Lyme** residents, present and future, in all stages and walks of life
- **Must preserve Old Lyme as an essentially small town**, and embody established community priorities and values
- Will consider relevant policies and practices, and will comply with statutory requirements, but **will not be driven by arbitrary goals** and thresholds
- Is the **beginning of a community conversation**, not the end

Once again, these are the principles that guide us.

Our aim is to develop a common sense plan, squarely aimed at the needs of Old Lyme residents, while recognizing that we're part of a bigger economic picture. The conversation will continue.



THANK YOU



OPEN Q&A

For those of you connecting by computer, you can post your question or comment as a chat message, or use the “raise hand” function if you’d like to speak

Please stay muted until you are recognized

We will pause occasionally to take questions from those joining by telephone

