



# Town of Old Lyme

Affordable Housing Commission

## Affordable Housing Plan Community Workshop #2

March 29<sup>th</sup> 2022



# Agenda

- ▶ Call to Order
- ▶ Affordable Housing Plan Community Workshop
  - ▶ Introduction
  - ▶ Background Information
  - ▶ Recap Housing Studies
  - ▶ A Strategy for Progress
  - ▶ Interactive Pulse Poll
  - ▶ Next Steps
  - ▶ Q&A, Discussion
- ▶ Adjournment

*This meeting is being recorded*

*The recording and presentation materials will be made available on the Town of Old Lyme website: <https://www.oldlyme-ct.gov>*

*Please stay muted during the presentation*



# 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 3<sup>rd</sup> Wednesday 5 PM
- ▶ Meetings are recorded
- ▶ Public welcome & encouraged to attend

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



# Regional and Local Housing Plans

## Lower CT River Valley Regional Housing Plan RiverCOG

- ▶ General housing analysis and plan, including market + affordable
- ▶ Covers all 17 municipalities in the Lower CT River Valley Region
- ▶ Region-wide housing conditions, trends, challenges, opportunities
- ▶ Regional housing needs assessment
- ▶ General recommendations for regional cooperation and resources

Regional POCD

## Old Lyme Affordable Housing Plan Affordable Housing Commission

- ▶ Affordable housing analysis and plan
- ▶ Mandated under CGS Sec. 8-30j
- ▶ Covers Old Lyme only
- ▶ Local housing conditions, trends, challenges, opportunities
- ▶ Local affordable housing needs assessment
- ▶ Strategy and plan to increase affordable housing locally

Old Lyme POCD





# 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 the 10% exemption threshold for CGS Sec. 8-30g** or any arbitrary goals
- ▶ 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. There are over 900 households in Old Lyme that qualify as low income.
- ▶ 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*



# Naturally Occurring Affordable Housing

## What it is:

- ▶ Naturally occurring affordable housing is housing that costs a low-income household less than 30% of their income *at current market rates*
- ▶ Typically takes the form of a small starter home, a small apartment, or an accessory dwelling unit
- ▶ This type of affordable housing *is not protected* from increasing sale or rent cost, or reserved for low-income occupants by a deed restriction

## Pros:

- ▶ Typically less challenged by land, water, and sewer availability
- ▶ Does not require a deed restriction, avoiding a potential disincentive
- ▶ Can become qualified by the state if financed by a CHFA or USDA mortgage

## Cons:

- ▶ Unless financed by an assisted mortgage, is not qualified by the state, and does not contribute to recognized affordable housing
- ▶ Can be adversely affected by market conditions that cause increases in sale and rent 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 under 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 1<sup>st</sup> 2022, updates required every 5 years

## ▶ **Other State and Federal Regulations**

- ▶ Fair Housing
- ▶ Federal Department of Housing and Urban Development Income Limits
- ▶ Federal EPA, CT Department of Energy and Environmental Protection Clean Water

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

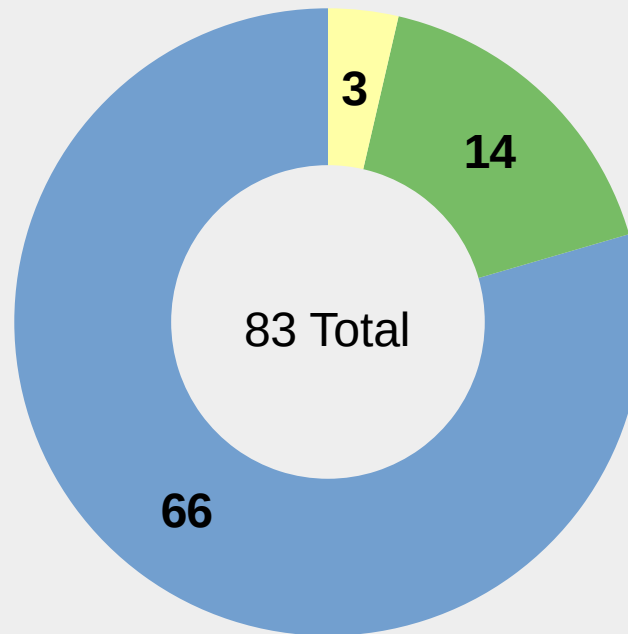




# Updated Affordable Housing Data

## Qualified Affordable Units in Old Lyme

Source: CT DOH 2021 Appeals List



■ Assisted Rental ■ CHFA/USDA Mortgage ■ Deed Restricted

- Net loss of 2 qualified units 2020-2021
- Driven by loss of 6 assisted mortgages
- Indicator of rising home costs

+ 4 Assisted Rental  
– 6 Assisted Mortgages  
No change to Deed Restricted  
-----  
– 2 Net change



# Summary Findings from the Housing Studies

- ▶ Population and job growth in the region and state are stagnant or declining
- ▶ The population is aging and will continue to do so for the coming decades
- ▶ Our economy is and will continue to be increasingly dependent on a workforce made up of smaller households seeking smaller homes and rentals
- ▶ There is a large gap between the number of households that could benefit from affordable housing and the availability of affordable housing
- ▶ Development capacity is limited by environmental constraints, by available land, and by public water and sewer infrastructure
- ▶ As the current population continues to age and, willingly or unwillingly due to a lack of housing options, leaves the area, it will become increasingly difficult to find people to move in and buy the large homes that make up most of the housing stock
- ▶ The current housing market is being driven by low inventory and a surge in pandemic-related relocation rather than economic growth, and the long-term forecast for the market remains generally weak
- ▶ Jobs, housing, and the economy are all tightly linked
- ▶ If current trends hold, the future socioeconomic health of the community is at risk
- ▶ We have opportunities to improve this situation
- ▶ Housing is part of the problem, and must be part of the solution



# The Case for More Housing Options in Old Lyme

800+ Cost Burdened Households 900+ Qualified Low-Income Households	83 Qualified 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 Very few rentals Zero availability
Workforce Housing for Small Businesses, Service Industry and Amenities	
Smaller Households	70% of households are 1-2 persons 70% of homes are 3+ bedrooms
Aging Population	Multi-year wait list for senior housing
Future Socioeconomic Health	Land availability, infrastructure, environmental factors, and zoning regulations limit options

VS.

*Old Lyme needs more housing options – including affordable*



# The Old Lyme POCD and EDC Report Agree

## 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



# What are the options?

## How do we think about them?

2-3-4-Plex Multifamily  
Small Clusters

Starter Homes + Assisted Mortgages

Accessory Units  
“In-law Apartments”

Refurbish & Re-purpose Existing Properties

Mixed Use  
Commercial + Residential

Open Space Add-On

Single Family  
Set-Aside Developments

Large-Scale Multifamily  
Set-Aside Developments

- *Scaled to work within limitations on land, water & sewer*
- *Tend to be naturally affordable due to smaller size*

- *Work within an existing land and infrastructure footprint*
- *Efficient, cost effective, environmentally friendly*

- *Good opportunities for partnering within town government*
- *Dependent on open space acquisition or economic development projects*

- *Likely to be challenged by limitations on land, water, sewer*
- *Set-aside projects under 8-30g can add more market rate than affordable units*



# A Strategy for Progress

## 1. **Create opportunities for qualified accessory and “middle” housing**

- Both owner-occupied and rental
- Including accessory units, small-mid scale multifamily, and clusters of smaller homes
- Enable some increased density in residential districts
- Increase the number of affordable homes within existing neighborhoods
- Work within land, water, and sewer limitations

## 2. **Promote starter homes with assisted mortgages** through CHFA and USDA

## 3. **Promote reuse of existing properties** as qualified affordable housing

- Town-owned or bank-owned
- Distressed or blighted
- Commercial or residential

## 4. **Seek opportunities for mixed use and open space add-ons** in partnership with the Economic Development and Open Space Commissions

## 5. **Support opportunities for larger scale set-aside affordable developments** under CGS 8-30g that:

- Solve land, water, and sewer needs
- Add a minimum number of market rate units



# What It Will Take

## **1. A network of partnerships and resources**

- Within the Old Lyme community and town government, including ongoing outreach
- Regional – RiverCOG and neighboring towns
- Funding agencies
- Not-for-profit organizations
- Private developers

## **2. Changes to zoning regulations**

- Remove special use restrictions on Accessory Dwelling Units
- Expand allowed use of multifamily and clusters for affordable housing
- Identify areas for incentive and opportunity overlays
- Consider inclusionary zoning regulations

## **3. Promotion and incentive programs**

- Smaller Homes + Assisted mortgages
- Adaptive reuse
- Rentals



# Goals

- ▶ **Our intent is to set goals for progress that are:**
  - ▶ Targeted to meet the needs of the Old Lyme community into the future
  - ▶ Realistic and achievable
  - ▶ Based on capacity as well as demand
- ▶ **We have a good sense of demand**
  - ▶ 800+ housing cost-burdened households, 900+ qualified low income households in Old Lyme today
  - ▶ Regional and local housing studies
  - ▶ Demographic trends
- ▶ **A capacity analysis is in progress**
  - ▶ Will consider environmental factors, infrastructure, zoning, and existing development to estimate how much space suitable for development remains in Old Lyme
  - ▶ Will enable “what if” scenarios
  - ▶ Expected to read out in time for the final plan
  - ▶ Initial results confirm that development capacity will be a limiting factor





# 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
    - ▶ Increase availability of smaller homes and rentals
  - ▶ **Efficient development, scaled to work within limitations** on land, water, and sewer
    - ▶ Small-mid scale multifamily, multiplex, CHFA/USDA mortgage-eligible starter, and clusters
    - ▶ Accessory dwelling units
    - ▶ Adaptive re-use of existing properties
    - ▶ Add-ons to open space acquisition and economic development projects
  - ▶ **Policy and regulatory changes**, at both local and state levels
    - ▶ Lower barriers for ADUs, small-mid scale multiplex/multifamily, clusters
    - ▶ 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



# Interactive Pulse Poll



# Next Steps

- ▶ Complete the capacity analysis
- ▶ Finalize the plan and goals
- ▶ Affordable Housing Commission Meeting April 20<sup>th</sup> 2022
  - ▶ Public comment on the plan
  - ▶ The commission will take up adoption of the plan
- ▶ Forward the adopted plan to the Board of Selectmen by early May
- ▶ Submit the adopted plan to the state by June 1<sup>st</sup> 2022

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>




# 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

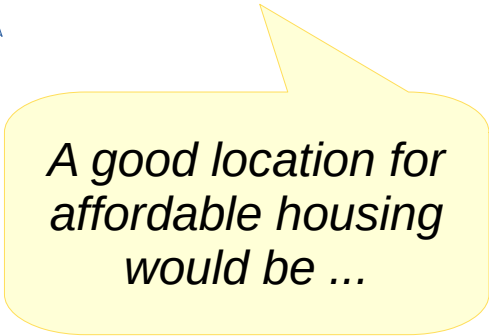
We will pause occasionally to take questions from those joining by telephone



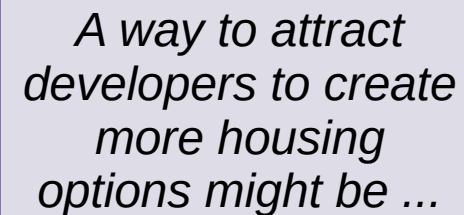
*I'd like to hear more about ...*



*I have a suggestion ...*



*A good location for affordable housing would be ...*



*A way to attract developers to create more housing options might be ...*

Old Lyme 2nd workshop

Current run (last updated Mar 31, 2022 2:26pm)

5

Activities

8

Participants

8

Average responses

100%

Average engagement

I attended the first Affordable Housing Plan Community Workshop on February 15th

Yes

63%

No

38%

Response options	Count	Percentage
Yes	5	63%
No	3	38%

100%

Engagement

8

Responses

I now have a better understanding of what affordable housing is

Yes

100%

No

Response options	Count	Percentage
Yes	8	100%
No	0	0%

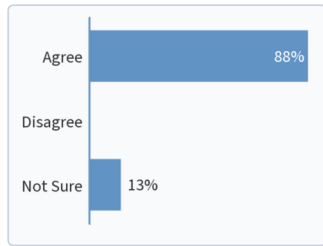
100%

Engagement

8

Responses

## Old Lyme needs more housing options including affordable to meet the needs of seniors, smaller households, and those of limited means



Response options

Count Percentage

**Agree**

**7 88%**

Disagree

0 0%

Not Sure

1 13%

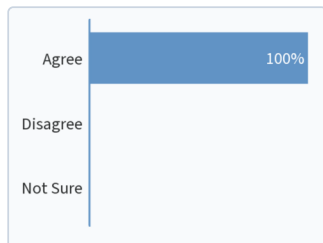


Engagement

8

Responses

## The proposed strategy to increase the availability of affordable housing in Old Lyme is on the right track



Response options

Count Percentage

**Agree**

**8 100%**

Disagree

0 0%

Not Sure

0 0%

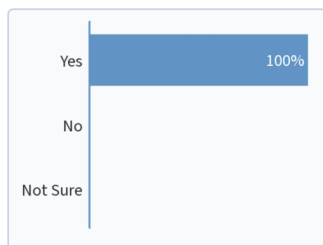


Engagement

8

Responses

## I am interested in helping to implement the Affordable Housing Plan for Old Lyme



Response options

Count Percentage

**Yes**

**8 100%**

No

0 0%

Not Sure

0 0%



Engagement

8

Responses