

EAST LYME PLANNING COMMISSION AFFORDABLE HOUSING SUBCOMMITTEE

East Lyme Town Hall, 108 Pennsylvania Ave, Niantic CT 06357
MEETING MINUTES

CHAIRMAN: Kirk Scott, VICE CHAIRMAN: Jason Deeble

MEMBERS PRESENT: Tim LaDucer, Jason Deeble, Rich Gordon, Norm Peck, Olivia Fairchild,
Terrance Donovan

MEMBERS ABSENT: Kirk Scott, Nichole

STAFF PRESENT: Gary A. Goeschel II, Planning Director

STAFF ABSENT: William Mulholland, Zoning Official

FILED

Sept 28, 2022 AT 8:20 AM/PM


EAST LYME TOWN CLERK

Call to Order:

Jason Deeble ed the meeting to order at 7:05PM.

I. Additions to the Agenda - No Discussion

II. New Business

A. Housing Characteristics and Income Comparison Analysis; East Lyme and Neighboring Towns

Dr. Poland reviewed the Chair's request from the last meeting to compare East Lyme to neighboring towns. East Lyme is higher than Waterford and Montville in its affordable housing but, is still less than the State requirement of 10%.

Demographically, East Lyme is decreasing in household size, fewer children, and fewer 2-person households. Dr. Poland explained how East Lyme's existing housing stock does not lend itself to that but as the existing predominant housing characteristic was designed in the 1970's which, at the time accommodated the large families.

Dr. Poland asked how the existing housing stock is meeting housing needs and future needs. He indicated the need for single family detached is waning but, it is still the predominant sales value in East Lyme which, is above state median sales value. He reminded the committee that they were looking at 2020 Census numbers and \$317,000 is probably much higher today in 2022 but, may track back a bit. He indicated that the whole region other than Montville is above the State median of rental cost. He suggested East Lyme's location along the coast is the primary driving force. Along with the amenities the town offers from recreational to commercial.

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He indicated the median household income in East Lyme is higher than State and again above Montville. He looked at census data of Family and Married Income which provides two indicators of....

He indicated, Seniors make up the predominant owner of single family detached homes in East Lyme. He went on to state those seniors that are in rentals are typically are stuck on fixed income. This also would include single mothers with children. He indicated East Lyme's vacancy rate for single family detached homes is below 8% which, indicates a strong market.

He said when it is between eight (8%) and five (5%) it suggests natural turnover and when you see numbers below five (5%), at one (1%) to four (4%), that is really low, but it is common. East Lyme as compared to its neighbors, Salem and Montville is low partly due to East Lyme's coastal location along with the limited amount of product in region, demand is high.

Dr. Poland pointed to the value to a diverse housing stock and not having all your eggs in one basket. While East Lyme is above the State average and relatively balanced, it could push to get more rentals. Rental housing has lower occupancy sizes, it's a single or 2-person household. The Unit is 3-bedrooms or less whereas home ownership is a 3-4 bedroom unit. East Lyme has what is called "Missing Middle Housing" where the stock is soft on 20-unit plus, multi-family developments. Dr. Poland indicated he would like to see more diversity than seventy-seven (77%) percent of the housing stock being Single Family Dwelling Units.

Driving Factors:

Time, location, and community. Per the 2020 Census, there are 8,610 - units in East Lyme. While East Lyme is more diverse than its neighboring towns, it is still less than the State. Dr. Poland suggested the greatest fear or challenge in a community to approve more affordable housing is the fear of the development generating school age children. Looking at the current household size based on the 2020 Census, it doesn't produce school age children. Couple this with the fact that less children are being born annually as a society, CT lost 10% - of its 17 and under population.

Dr. Poland stated the Connecticut Affordable Housing Appeals list still being developed based on 8,610 units. Currently, 6.15% of East Lyme's housing stock is considered deed restricted affordable and meets the requirements of CGS 8-30g. Using 8,610 will cause East Lyme's percentage of Affordable Housing Stock to drop to 6.03% in our percentage toward the Statutory ten (10%) percent. However, from a housing stock and affordability perspective, East Lyme is outperforming

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its neighboring communities.

B. Report on Incentives

Dr. Poland indicated pursuant to CGS 8-30g, to be considered affordable thirty (30%) percent of the proposed units always have to be deed restricted affordable for 40-years, stating the cost burden goes with development. D. Poland said when you do the math on reduced rents for a 1-bedroom unit, at eighty (80%) percent AMI, rents \$180/month less than the market rate which is \$2,160/year of revenue not being produced. A unit at sixty (60%) percent AMI, is not producing approximately \$6000/year.

Dr. Poland stated that an investor is typically looking for twelve (12%) - fourteen (14%) percent return-on-investment (ROI). Under 8-30g, the developer loses eight (8%) - ten (10%) percent which, is recovered on the back end. However, even if built the risk is it could produce a cash strapped development which, the funds that would normally go toward maintenance and upgrades is not available.

D. Poland advised, if you decrease the percentage of affordable units down to twenty (20%) percent or reduce the number at provided at sixty (60%) percent and only requiring fifteen (15%) percent over all, it would result in having more market rate units and more affordable units as the development doesn't take such a heavy loss. On the public policy side:

1. If 8-30g required less, it would have produced more than it has;
2. for communities aggrieved by 8-30g, the community would have gotten more.

Therefore, if the Town wants to move forward toward the required ten (10%) percent, D. Poland suggested providing a better vehicle to entice developers. He suggested considering Inclusionary Zoning which requires a master plan for a zone change and site plan approval. He provided an example from South Windsor whereby the required between twelve (12%) and fifteen (15%) percent affordable, and at or above eighty (80%) percent AMI and meets state standards to qualify under 8-30g such as size, quality, equally dispersed, and restricted for forty (40) years. D. Poland suggested this would move East Lyme toward ten (10%) percent and doesn't mandate thirty (30%) percent. This would encourage Affordable Housing versus 8-30g Affordable Housing Applications.

Under CGS 8-30g, at 30% Affordable, the developer looks to profit from State aid and extract from fees from running the development.

J. Deeble indicated he felt that 8-30g focused on homeownership versus current conditions of not enough rental stock.

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D. Poland responded indicating the greatest need is on affordable rental side and developers profit from rentals. He went on to say that the opportunities in CT have been geared toward Single Family detached units. He further indicated East Lyme's coastal location and amenities such as Costco is a draw. He indicated the greatest opportunity to incentivize is on the rental side. He suggested if there was a lower threshold on 8-30g requiring a lower percentage of units be affordable, it would be more appealing to the developer as there would be less loss of income. D. Poland indicated Planimetrics prepared South Windsor's Affordable Housing Plan which, recommended amending their zoning regulations.

D. Poland indicated the Unit mixes are important at the twelve (12%) percent affordable. For example, a Studio at eighty (80%) AMI will yield over market rate at approximately \$1,250/month; 1 Bedroom - about \$1,600/month. A Market Rate Studio in East Lyme yields \$1,190/month. D. Poland stated 2-Bedroom Units will lose \$100/month and a 3-Bedroom loses \$200/month. He advised developers typically look for 100 or more units and most want 200 units.

D. Poland said density bonuses help spread the cost of land over the units. He indicated as construction cost don't change; density bonuses are not huge incentives. They help but, do not solve the issue.

D. Poland recommended what he calls "Efficient Permitting." He suggested here in New England and Connecticut we typically take for granted and don't realize how cumbersome the application/permit process actually is. He indicated municipalities create a burden on multi-family development simply via their regulations. For instance, a permitting fee reduction of twenty (20%) percent could reduce developer cost.

D. Poland explained possible Tax abatements, asking "What do you want for a community?" He provided an example from Weathersfield where a vacant property couldn't be developed. Lexington Partners wanted 200-units, but to do so, negotiated an agreement for Tax abatement to get the dilapidated building demolished and new rentals built.

D. Poland discussed Tax Increment Financing (TIF) which, he indicated was good for fronting infrastructure costs whereas tax abatements are good on the back end of a project. These are tools in the municipal toolbox. Another option is a Land Bank to address blighted properties. D. Poland said the best recommendation he had would be to develop a Housing Trust Fund pursuant to CGS 148c 2(k). He said the fund rolls from budget to budget, is set aside for a specific need (housing trust fund is one of them). Any amount could be out in from \$50,000 to \$1,000,000, so long as it is to be used for affordable housing.

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Another method would be to capture a percentage of the permit fees. For instance, capture twenty (20%) and allocate it to a Housing Trust Fund. In addition, a fund can also receive charitable donation so long as they are dedicated to a use (i.e. Subsidize Affordable Housing). You don't have to build the housing but, enough money could be set aside to give developers incentive. State grant money can also be added to it. For examples D. Poland provide Fairfield, Stamford, and New Canaan. He also indicated that CGS 8-3 provides an option for a Fee in lieu of affordable housing. Funds go into the Trust. In his South Windsor project he calculated approximately \$50,000/affordable unit as being able to be reasonably be absorbed into sales without tanking the development but, large enough sum for municipality to help develop affordable housing. Monies could also be used by local housing authority. On public land it could be used to establish a housing authority or cover the conversion of an existing property. Norwalk, CT charges a fee of \$300,000/unit. Finally, addressing the issue surrounding alleged decrease in Property Values Dr. Poland indicated there is overwhelming research that demonstrates Affordable Housing developments do not decrease the land value of abutting or adjacent properties.

T. Donovan inquired whether Dr. Poland looked at the Fire Safety document?

D. Poland indicated he received it and will take a look at it and address it at the next meeting.

III. Next Steps/ Assignments

A. Old Business - None

B. Public Outreach: D. Poland suggested 3 Focus groups: Developers, Attorneys, and Rental Community (renters). He suggested he could stack interviews on same day 1hr sessions, 3/4 in a day; or Zoom run via webx. Staff will need to help coordinate focus group. Once we have a draft of public policies have a public meeting. D. Poland suggested we could have both focus group and public forum scheduled and accomplished in October. He indicated that he would be infilling the existing plan with some new recommendations. He will get a copy of the draft for committee review as soon as possible. Finally, the Statutes are unclear as to who adopts the Affordable Housing Plan.

G. Goeschel indicated the intended the Planning Commission to adopt the plan, similar to adopting the Plan of Conservation and Development. He suggested a copy could be forwarded to the BOS for review 35-days prior to the anticipated adoption date of December

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IV. Adjournment

MOTION: R. Gordon moved to adjourn the meeting at 8:38PM

SECOND: T. LaDucer seconded the motion.

IN FAVOR: Unanimous (6-0-0)

Respectfully Submitted,

**Gary A. Goeschel II
Director of Planning**