



Town of East Lyme, Connecticut

Planning Commission

Affordable Housing Plan

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Town of East Lyme, Connecticut
Planning Commission
Affordable Housing Plan

Affordable Housing Plan Subcommittee

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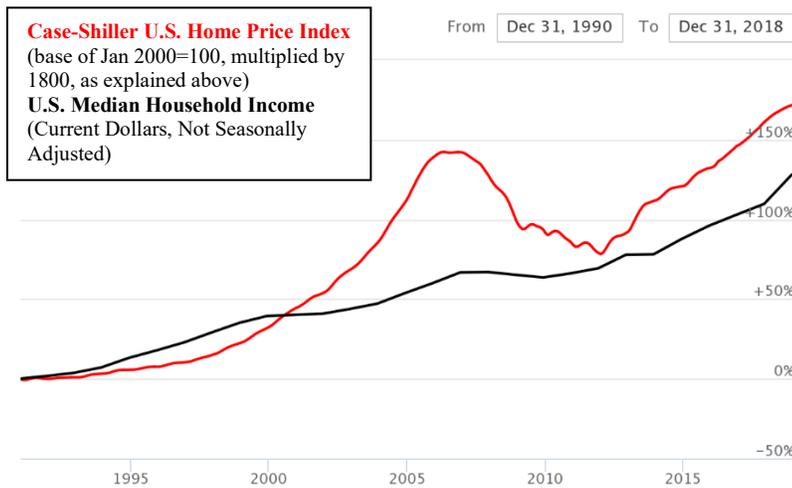
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Introduction

The United States is experiencing a housing crisis and Connecticut is not immune. This is a crisis of housing affordability (i.e., the need for affordable housing) and the social and economic ramifications bestowed upon lower-income, working- and middle-income households who are unable to access affordable housing. Both nationally and locally, the cost of housing has outpaced income growth, especially for low-income households. This has undermined access to quality housing proximate to transportation infrastructure and economic opportunities at affordable prices.

Historically, an average house in the U.S. cost around 5 times the yearly household income. During the housing bubble of 2006 the ratio exceeded 7 - in other words, an average single-family house in the United States cost more than 7 times the U.S. median annual household income. Connecticut and East Lyme have experienced similar increases in housing cost compared to income. The [Case-Shiller Home Price Index](#)¹ seeks to measure the price level of existing single-family homes in the United States. Based on the pioneering research the index is generally considered the leading measure of U.S. residential real estate prices. The index has a base of Jan 2000=100 and is multiplied by 1800 in order approximate the [Average Sales Price of Houses Sold for the United States](#). This ratio is heavily influenced by mortgage interest rates. When interest rates go down the affordability of a house goes up, so people spend more money on a house.

Case-Shiller Home Price Index vs. US Median Annual Income



East Lyme is not immune to the national trend of housing value increasing and outpacing income. The economic and social ramifications of this affordable housing crisis are substantial. For example, many businesses struggle to retain and attract a qualified workforce because housing costs exceed the means of workforce salaries. Also, society and communities are becoming more segregated by both income and race. The poor, working, and even some middle-income families are priced out of prosperous communities that provide opportunities for upward mobility. Most concerning,

minority populations are disproportionately excluded from prosperous communities, economic opportunities, and improved quality of life. This is due to the correlation between wealth and race in America. Collectively, the economic and social ramifications of our affordable housing crisis often

¹ The data sets used in this Plan are based on most recent data available. Therefore, dates and sources vary based on the data set. U.S. Census data includes 2018 and 2020 estimates, and 2020 decennial census.

result in lower-income populations being isolated in distressed urban and rural communities, with few chances of betterment.

East Lyme, like many middle-income Connecticut communities, is not immune to this crisis or the negative consequences of a housing stock that is unaffordable to many households both in East Lyme and the surrounding communities. East Lyme, a picturesque coastal community, is in part dependent on tourism—an economic sector and industry that relies on a qualified workforce at modest wages.

East Lyme's bucolic and coastal setting attracts wealthy households and second (vacation) home ownership. East Lyme, as a desirable community and vacation destination, has greater demand for second homes, seasonal rentals, and other short-term rentals than most communities in Connecticut. Demand for these *destination-dwellings* creates greater pressure on the local housing market, constraining supply and increasing demand. That means that even though East Lyme has worked to implement the 2009 Affordable Housing Plan and increase affordable housing, it must continuously work harder and be more intentional in its efforts to maintain and provide housing affordability.

Planning for affordable housing is foundational to maintaining a vibrant and prosperous community. Without safe, quality, affordable housing, East Lyme cannot maintain its prosperity—if East Lyme can't maintain a workforce. This affordable housing plan is aimed at positioning East Lyme to compete for wealth and investment and to maintain a vibrant and prosperous community for generations to come. Becoming and remaining a vibrant and prosperous community does not occur by happenstance. It requires hard work, dedication, constancy of purpose, and good governance. It also requires the community to provide and maintain a quality housing stock that is affordable. The more vibrant and prosperous the community, the less affordable the housing. Prosperity and unaffordable housing are a good problem to have because they are more easily solved than problems of community stagnation, decline, and an overabundance of affordable housing resulting from weak demand and disinvestment.

Good governance starts with managing mundane qualities of everyday community life, with a view toward continuous improvement. Good governance is about managing, not resisting change, and ensuring that a community can fend off threats, cope with disturbance, and mitigate the negative consequence of well-intended actions. Having an unaffordable housing stock is a negative consequence of well-intended actions aimed at maintaining and growing prosperity. The more desirable a community becomes, the greater the demand for housing and the greater property values increase. However, when prosperity—wealth and property value—escalates, social, economic, and even racial exclusion threaten to undermine community well-being and place prosperity at risk. (*If the community cannot attract and retain a qualified workforce to provide basic needs and satisfy wants, then desirability and demand suffer, and prosperity wanes.*) Therefore, East Lyme must be intentional in its actions and work to maintain and further provide a stock of well-maintained affordable housing if it wants to retain and attract a qualified workforce, the next generation of property owners, and a social and economic future of vibrancy and prosperity. Otherwise, East Lyme runs the risk of social and economic stagnation or decline.

East Lyme, Why Affordable Housing Now?

This not East Lyme's first Affordable Housing Plan. East Lyme was innovative back in 2009 when it adopted its first Affordable Housing Plan—more than a decade before the State required municipalities to formally plan for affordable housing. This Affordable Housing Plan is the result of the Governor prioritizing Connecticut's need for affordable housing and the State Legislature's passing legislation (PA 17-170 and codified as CGS 8-30j) that requires *every municipality to prepare an affordable housing plan at least once every five years*. Also, the legislation requires that the affordable housing plan *specify how the community intends to increase the amount of affordable housing available in the community*.

To facilitate this prioritization of housing affordability and the requirements to plan for affordable housing, the State Department of Housing awarded the Town of East Lyme a competitive grant to create an affordability plan. That said, it is important to recognize that requirements to plan for affordable housing are not new. Section 8-23 of the Connecticut General Statutes for three decades has required that the municipal plan of conservation and development:

- make provisions for the development of housing opportunities, including opportunities for multifamily dwellings, consistent with soil types, terrain, and infrastructure capacity, for all residents of the municipality and the planning region in which the municipality is located... [and to]
- promote housing choice and economic diversity in housing, including housing for both low- and moderate-income households, and encourage the development of housing which will meet the housing needs identified in the state's consolidated plan for housing and community development...

These longstanding requirements for affordable housing highlight the importance of residential development, housing, and affordable housing in all communities. *Housing is where jobs go at night*. Housing is where individuals and families live their lives. When a community considers land use issues, housing density, style, and tenure all contribute to its physical character and economic wellbeing. Homeownership, and the equity derived from homeownership, have been the foundation to creating American middle-income wealth for generations.

These characteristics of residential development and housing have shaped and contributed to East Lyme and its rural-suburban character. Today, East Lyme's most common land use is single-family residential. Also, 77.9% of East Lyme's housing stock is single-family detached. Only 11.8% of East Lyme's housing stock is multi-family housing (five units or more).

While such high percentages of single-family housing are not uncommon, the overreliance on a single-family housing aimed at homeownership (72.8%) can undermine community resilience, creating a lack of housing diversity that is susceptible to market disturbance and slow-moving changes in consumer preferences. Also, overreliance on single-family housing and homeownership favors middle- and high-income households over households of lesser means, resulting in social, economic, and racial exclusion. This overreliance on single-family housing and homeownership creates challenges for retaining and

attracting a qualified workforce, including young professionals and skilled trades workers. The fact is East Lyme will benefit by planning for greater housing diversity.

Table 1. Housing Units in Structure (2020 Estimates)²

	East Lyme	New London County	Connecticut
Total housing units	8,610	123,849	1,521,199
1-unit detached	6,707 (77.9%)	79,926	897,094
1-unit attached	270 (3.1%)	5,477	85,585
2 units	248	10,235	125,289
3 or 4 units	324	8,044	128,352
5 to 9 units	234	6,455	80,405
10 to 19 units	331	3,893	54,136
20 or more units	453	6,399	137,923
Mobile home	43	3,390	11,943
Boat, RV, van, etc.	0	30	472

What is “Affordable Housing” and What Does “Affordable Housing” Mean?

Too often individuals and communities associate affordable housing with the public housing of decades past. It is important to recognize that affordable housing today is not public housing. Federal, state, and local government learned valuable lessons from the failed policies and experience of past public housing and the negative consequences of clustering large numbers of low-income households into substandard housing. Today, affordable housing policies have moved away from both the public model and clustering. Affordable housing policy today focuses on public-private partnerships and inclusive mixed-income policies to provide much-needed affordable housing. As a result, most affordable housing hides in plain sight, blending into the community, to such an extent that most do not even know the difference between what housing units are market rate and what housing units are qualified affordable.

Housing is deemed unaffordable if a household pays more than 30% of their gross income for housing. For example, if a household earning \$75,000 per year is spending \$22,500 (30% gross income) or more per year (\$1,875/month) on rent/mortgage and utilities, then housing is unaffordable. The median household income for the Norwich-New London MSA is \$78,828 and the median household income for East Lyme is \$96,023. Affordable fair market rental housing in the Norwich-New London MSA, based

² Total housing unit, occupied housing units, and total number of households vary in different sections of this Plan based on U.S. Census source. This is the result of data of only selected portions of the 2020 Decennial Census being released at this time. For example, this table is based on 2020 estimates for total housing units and the breakdown of unit types. If actual 2020 total housing units were inserted here, as such number is use elsewhere in this Plan, it would distort the backdown in this table and the table would not total correctly.

on the Department of Housing and Urban Development (HUD) range from \$833 per month for a studio to \$2,102 per month for a four-bedroom apartment.

The problem of affordable housing in Southeastern Connecticut and East Lyme is more pronounced than most realize. For example, the Southeastern Connecticut Housing Needs Assessment (2018) conducted by the Southeastern Connecticut Council of Governments and the Southeastern Connecticut Housing Alliance found that 37.2% of households in the region and 29.9% of East Lyme’s households are cost-

Qualified Vs Naturally Occurring Affordable Housing

burdened—paying more than 30% of their income on housing costs. The study also found that 39.7% of renter households in East Lyme are cost-burdened compared to 51.3% of the Region’s renters. While East Lyme performs better than region, the number of cost burden households, especially renter households, is a concern.

Qualified affordable housing, as defined by the Connecticut General Statutes (CGS), Chapter 126a Affordable Housing Land Use Appeals, Section 8-30g, is: housing [or households] that receive government assistance or are deed-restricted to be sold or rented at or below prices for which a household pays 30% or less of their income.

Qualified Affordable Housing is a specific statutory phrase to describe housing that meets the State definition of affordable housing regarding the requirements of Section 8-30g, which regulates specific land use applications for providing affordable housing. Just because housing does not meet the statutory definition of Qualified Affordable Housing, does not mean a community does not have housing that is affordable to households of lesser means. Most communities have naturally occurring affordable housing that does not meet the definition of Qualified Affordable Housing but serves populations of lesser financial means.

Qualified affordable housing, as defined by the Connecticut General Statutes (CGS), Chapter 126a Affordable Housing Land Use Appeals, Section 8-30g, is: housing [or households] that receive government assistance or are deed-restricted to be sold or rented at or below prices for which a household pays 30% or less of their income.

Table 2. East Lyme Qualified Affordable Housing

2010 Housing Units	Gov. Assisted	Tenant Rental Assistance	CHFA Mortgages	Deed Restricted	Total Assisted	Percent Affordable
8,456	396 (76%)	19 (4%)	86 (17%)	19 (4%)	520 (100%)	6.15%
8,610	(2020 estimated housing units = 26,721)					6.04%

Qualified affordable housing is different than naturally occurring affordable housing, which is housing that sells or rents at values affordable to households at or below 80% AMI but does not meet the criteria to be included as *qualified affordable housing*, as defined by 8-30g. In most cases, qualified affordable housing developments have 30% or less of the units dedicated as affordable. This low percentage of affordable units in affordable housing developments demonstrates the policy shift away from clustering lower-income households and ensures a mix of incomes to mitigate the potential negative effects of excessive clustering. CGS 8-30g also sets an affordable housing fair share threshold for communities, stating that Connecticut municipalities should maintain at a minimum, 10% of their housing as affordable. In East Lyme, as of 2021, 520 qualified affordable housing units, or 6.15% of East Lyme’s 8,456 housing units counted as *qualified affordable housing*.

Overall Residential Patterns

As a rural-suburban community with substantial protected open space (approximately 20%), low-density residential development, and limited public water and public sewer, it is reasonable to anticipate that East Lyme will continue to maintain its current overall land use pattern and predominant low-density rural-residential character north of I-95 and coastal suburban-residential character south of I-95. It is important to maintain this development pattern, as it contributes so much to the *physical, aesthetic, and cultural character* of East Lyme. Most important, the rural-suburban character of East Lyme is highly desirable, an attractive quality to residents, potential residents, businesses, and tourists alike. The current character contributes to East Lyme’s charm, vibrancy, and prosperity. However, that does not mean that East Lyme cannot encourage and accommodate higher density, multi-family, and mixed-use development that provides greater housing choice, affordability, and diversity of households.



Zoning for the lower density areas of East Lyme was intentionally designed to reduce density, ensure that new housing blends with the landscape, and protect natural resources—to create the rural-suburban aesthetic. It is reasonable to protect and maintain these areas, development patterns, and character provided East Lyme works to accommodate affordable housing through higher density, multi-family, and mixed-use development in certain and suitable locations within the community.

Changing Demographic Structure and Housing

Connecticut has been a slow-to-no-growth state for three decades. Job growth has been mostly stagnant and population growth has been anemic.³ This lack of statewide economic and demographic growth has resulted in changes to Connecticut’s demographics and demographic structure. It is often said that demography is destiny. If that is true, then most communities in Connecticut should be concerned. In Connecticut and East Lyme, the primary outcome of our demographic destiny is that we are aging—growing older. Older populations require more government services, need to be supported by a labor force that is contracting in size proportionally, and resulting in fewer young families with fewer children—further reducing the next generation of our labor force.

³ From 1985 to 1990, Connecticut’s total employment increased by 105,700 and nonfarm employment increased by 103,400. By comparison, in the thirty years to follow, from 1990 to 2020 total employment increased by only 130,400 and nonfarm employment increased by only 44,800 (CT Department of Labor, Office of Research, 2021). From 2010 to 2020, Connecticut’s population increased by only 1% and New London County’s population decreased by 2% (U.S. Census, 2020 Decennial Census).

One of the most notable community concerns related to any proposal for new residential housing development is the impact of new housing on municipal budgets—the potential for new public-school age children generated by new housing units. This fiscal concern results from the fact that funding for the local Board of Education makes up the largest portion of any municipal budget—typically between 50% and 70% of the total municipal budget. In East Lyme, the Board of Education budget represents approximately 67% of the total municipal budget. However, and unfortunately, assumptions related to the number of public school-age children generated by new housing units are often higher than the actual number of school district enrollments that result from new housing. For example, it is not uncommon for persons or commissions to assume that each new housing unit produces one, two, or even more school district enrollments. These assumptions result from past experiences, memories of prior generations, and failure to understand that the same social-cultural forces that are contributing to the disruption of retail are also disrupting our communities, government services, and school district enrollments.

Changes in demographics and generational changes to lifestyle are resulting in fewer family households and fewer school age children. For example, some simple calculations can dispel the myth of one or more school enrollments per housing unit. Statewide, Connecticut has 513,615 children enrolled in public schools and 1,418,069 households. Divide statewide enrollments (513,615) by households (1,418,069) and number of public-school district enrollments equals 0.362 enrollments per household. The same calculation can be applied to East Lyme. East Lyme has 7,361 households (occupied housing units) and 2,644 school enrollments ($2,644 / 7,361$) or 0.359 school district enrollments per household. Enrollments of 0.36 per household statewide and 0.36 per household in East Lyme are well below the one or more enrollments per new housing units that is commonly assumed.

Statewide, and in many Connecticut communities, school district enrollments have been declining for over a decade. For example, in 2007 statewide enrollments were 574,848 compared to 513,615 in 2021 (a loss of 61,769 statewide school district enrollments). East Lyme's school district enrollments peaked in 2007 at 3,269 enrollments, compared to 2,644 in 2021 (a loss of 625 school district enrollments or a 21% decline) over 15 years. This decline in enrollments is further supported by East Lyme's loss of 12% of its under 18-year-old population from 2010 to 2020, according to the U.S. Census.

The disconnect between perceived enrollments from new housing and actual enrollments, should cause us to pause, think, and stop opposing housing based on the potential of new school district enrollments. The fact is the demographic structure of our population has changed and the chances of returning to the higher enrollments of the past are little to none.

Demographics and Demographic Structure

School enrollments are not driven by housing—as seen in the data discussed above. School enrollments are driven more by demographics and demographic structure than housing. Housing units (and the number of bedrooms within housing units) are simply vessels that can and may house school-age children—but there is no guarantee they will house children or generate school enrollments. Demographics and demographic structure as the driver of school-age children and school district enrollments, informs us that as a population grows older, the number of births (the total fertility rate) and a resultant number of children decrease. A decreasing number of children overall typically results in

declining school district enrollments. Declining fertility rates are the primary driver of low and declining school district enrollments. This is the very reason why East Lyme’s school district enrollments are declining.

The total fertility rate is the average number of children that would be borne by a woman if all women lived to the end of their childbearing years. Since only women have children, and since all women do not live to the end of their childbearing years, the replacement level of the total fertility rate is between 2.1 and 2.3 (births per women) to maintain a stable population—higher rates result in population growth and lower rates result in population decline. Another way of understanding this is to understand how the fertility rate relates to the death rate. The equation for population growth (not including migration) is births minus deaths equals the rate of natural increase. If births are higher than deaths, the population grows. If births are lower than deaths, the population declines. Table 4. below shows how the fertility rate translates deaths to births. Note that the United States fertility rate is 1.64 and Connecticut’s fertility rate is 1.51—well below replacement rates. That means, in Connecticut, 27 fewer persons are born for every 100 persons who die. Excluding migration, given enough time at a 1.51 fertility rate, Connecticut’s population would decline to zero.

Table 3. Total Fertility Rate – Connecticut and United States by Years 2008-2020

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CT	1.88	1.80	1.72	1.71	1.66	1.63	1.63	1.63	1.63	1.59	1.57	1.54	1.51
US	2.08	2.00	1.93	1.89	1.88	1.86	1.86	1.84	1.82	1.77	1.73	1.71	1.64

Declining fertility rates, nationally and in Connecticut, are not simply the result of an aging population. Declining fertility rates are also tied to, and the result of, increased economic opportunity (wealth), greater education, and the associated changes in social-cultural behaviors that come with wealth and education. Most importantly, these structural changes in our demographics can be traced across generations. For example, if you are of the Baby-Boom generation (born between 1946 and 1964), you likely have more siblings than you have children. It is also more likely, as a Baby Boomer, you moved out of your parent’s home, got married, and had your first child at a younger age than those in Generation X (born between 1965 and 1980) and the Millennial Generation (born between 1981 and 1996). These slow-moving changes in the way we live and behave are often hard to notice in real-time. However, by studying demographics and social behaviors over time (generation by generation), the changes become noticeable, and their collective impacts can be profound. These changes (and other demographic and social changes) are why school district enrollments have been declining statewide for over a decade and why East Lyme’s enrollments declined by 21% since 2007.

Table 4. Median Age

	USA	CT	East Lyme
2020	38.3	40.6	47.4
2010	37.2	40.0	43.6
2000	35.3	37.4	39.0

East Lyme is an aging community. In 2000, East Lyme’s median age was 39, in 2020 the median age increased to 47.4—well above the national and state median age (Table 4). Communities age when job and population growth stagnate. Therefore, most communities in Connecticut and the State are aging. For East Lyme, this aging phenomenon is likely intensified by vacation homes and retirees moving to

said homes. In short, older populations have fewer children, resulting in fewer school enrollments. Also, older households spend less on goods and services, and less in retail establishments—reducing the economic vibrancy of a community.

East Lyme’s demographic structure has been transformed by the increasing age of the population. Also, changes in demographics and socioeconomics have transformed household structure. For example, in 1960 only 13.0% of housing units in the United States were occupied by 1-person households. Today, 28% of our nation’s housing stock is occupied by 1-person households. As of 2020, 26.7% of East Lyme’s occupied housing stock was occupied by 1-person households. Also, 44.4% of East Lyme’s renter-occupied housing units were 1-person households—that means that 44.4% of rental housing in East Lyme is not producing any school district enrollments.

Another important change can be seen in married-couple households with children (under the age of 18). In the United States, from 1970 to 2012, the percent of married-couple households with children declined from 40.3% to 19.6%. East Lyme is similar. Households with one or more persons under the age 18 total only 26.1% of all households. These changes in household structure result from both an aging population and social-cultural trends. Today, compared to the decades and generations before, we marry later, marry less, and have fewer children. This explains why East Lyme’s school district enrollments have declined substantially. In addition, the large percentage of one-person households, especially renter households, informs us of the growing challenges of housing affordability, in that there is an increasing number of one-income households, when much of our housing stock was built and priced for the dual income households of past generations.

The Impact of Multi-Family and Affordable Housing on Property Values

Concerns over the potential of negative impacts of new residential development, especially negative impacts on property values, are common in planning and the land use approval process. One of the foundational concepts of zoning in the original Zoning Enabling Act (1922) is that “such regulations shall be made with reasonable consideration...to the character of the district...with a view to conserving the value of buildings.” The concept of *a view to conserving the value of buildings* needs to be contextualized to the time when it was written and the problems that zoning was designed to solve. The 1920’s context was the harsh conditions of the industrial city and the lack of regulatory provisions to deal with incompatible uses and the negative consequences of proximity. In addition to the *character of the district* and *conserving the value of buildings*, zoning was intended to protect us from *fire, panic, and other dangers*, conditions that no longer threaten us in the ways they did in the 1920’s industrial city. Simply stated, zoning (along with other policies and regulations) has successfully solved the problem of the industrial city and has created stability and predictability in real property markets. Therefore, today, how we need to conceptualize *the character of the district* and *conserving the value of buildings* has changed. That is, the dissimilarity in uses has been greatly reduced. Also, the negative impacts on the proximate property have been mostly reduced to the most undesirable land uses. For example, undesirable land uses such as airports, landfills, superfund sites, etc., and their impact on residential and other nearby uses have been extensively studied and documented as having potentially negative impacts on adjacent and proximate property values.



However, such concerns and claims of the negative impact created by other less noxious and dissimilar uses have persisted, especially concerns regarding multi-family and affordable housing development adjacent and proximate to existing residential properties. It is even not uncommon to hear claims that new single-family residential development will negatively impact the value of existing single-family residential properties.

Fortunately, such concerns and claims have led to academic and industry research on the impacts of new development on existing residential property values. Most importantly, the abundance of academic research has shown that such claims are not substantiated.

For example, a notable and comprehensive longitudinal study by the MIT Center for Real Estate, *Effects of Mixed-Income, Multi-Family Rental Housing Developments on Single-Family Housing Values* (2005), of seven high-density affordable housing developments adjacent to medium- and low-density single-family residential areas in six communities spread across Metropolitan Boston. The researchers stated that the findings “in all seven case study towns lead us to conclude that the introduction of larger-scale, high-density, mixed-income rental developments in single-family neighborhoods *does not* affect the value of surrounding homes. The fear of potential asset-value loss amongst suburban homeowners is misplaced.” A study by Harvard’s Joint Center for Housing Studies, *The Vitality of America’s Working Communities* (2003), found that apartments posed no threat to surrounding single-family house values.

The findings of the MIT and Harvard studies are further substantiated in a recent study by Kem C. Gardner Policy Institute at the University of Utah. The study, *The Impact of High-Density Apartments on Surrounding Single-Family Home Values in Suburban Salt Lake County* (2021), analyzed the construction of 7,754 units between 2010 and 2018 and the impact of these multi-family rental developments on single-family home values within a half-mile of the new apartments. The researchers found:



...apartments built between 2010 and 2018 have not reduced single-family home values in suburban Salt Lake County [...] However, denser development continues to be a politically controversial topic on city council agendas as existing residents often bring up negative impacts on home values. Single-family homes located within 1/2 mile of a newly constructed apartment building experienced higher overall price appreciation than those homes farther away.

Overall, academic research shows that multi-family development, which is most often of a higher density than single-family residential development, either has no impact or a positive impact on adjacent and proximate single-family residential property values. For example, a study by the University of Washington, *Denser Development is Good for Single-Family Home Values* (2012), found single-family home values increase when located near denser development.

The National Association of Homebuilders, *Market Outlook: Confronting the Myths about Apartments with Facts* (2001), found that single-family residential property values within 300 feet of multi-family rental housing increased by 2.9%. Researchers at Virginia Tech University, in a study titled *Price Effects of Apartments on Nearby Single-Family Detached Residential Homes* (2003) concluded, multi-family rentals that were well-designed, attractive, and well-landscaped, increased the value of nearby single-family residential housing. What was most interesting about the Virginia Tech study, as explained by Eskic (2021), were the researchers three possible reasons to explain their findings:

1. new construction serves as a potential indicator of positive economic growth;
2. new apartments increase the pool of future homebuyers for current homeowners; and
3. apartments with mixed-use development often increase the attractiveness of nearby communities as they provide more housing and amenity choices.

These three possible explanations are important. They highlight the importance of continuous investment in a community, providing a modern, diverse, and competitive housing stock—the positive economic growth, the need to attract newcomers to the community to create a pool of future homebuyers, and the amenity value of diverse housing stock that offers housing alternatives for other residents already in the community—retaining young adults and empty-nesters who seek to remain in the community but need and want housing other than larger single-family homes.

While claims of negative property impacts are likely to persist in the local land use approval process, the unbiased academic research is clear in its findings, *apartments posed no threat to surrounding single-family house values and the fear of potential asset-value loss among suburban homeowners is misplaced*. This is important for East Lyme, especially the land use boards and commissions, to understand and embrace. New housing development, including multi-family and affordable housing, when well designed and aesthetically pleasing, does not negatively impact the value of adjacent and nearby housing.

Finding Balance – Housing, Flood Hazards, and Coastal Area Management

In land-use planning, especially in the land use application process, it is all too common for environmental issues to be pitted against social or economic issues. This either-or perspective creates tension, misses the bigger picture, and often creates more harm, at the expense of others.

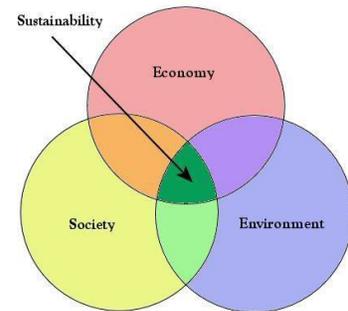
East Lyme’s comprehensive Coastal Resilience, Climate Adaptation, and Sustainability Study (2018), the 2020 Niantic River Watershed Protection Plan, and robust Flood Hazard and Coastal Area Management provisions in the in the Plan of Conservation and Development (2020) and Zoning Regulations (2022). Most important, such regulatory provisions meet or exceed the requirements of state and federal law. Simply put, East Lyme has done and continues to do what is needed and required of a coastal community to evaluate, plan, and regulate the conditions associated with sea-level rise and coastal flooding.

Sea level rise and coastal flooding are real issues and reasonable concerns, especially in the context of new development in coastal areas. Therefore, the challenge for East Lyme is to continuously work toward finding the right balance between economic, environmental, and social issues and goals. Striking such a balance is the essence of sustainability. For example, the United Nations, World Commission on the Environment and Development (Brundtland Report, 1987), explains:

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Doing so must integrate and balance economic, environmental, and social goals.

While environmental concerns need to be considered as part of development proposals in coastal areas, said concerns should not favor the environment over economic and social issues or goals. Nor should environmental concerns be used as impediments to deter or prevent development, especially housing and affordable housing that are of equal importance as a social (and economic) need of society.

Finding the balance between economic, environmental, and social goals, means that East Lyme and its land-use commission *must* trust in the governing regulations to guide and direct the decision-making process. Applications that comply with flood zone and coastal area management regulatory requirements must be approved. Decision-makers must resist the temptations of speculative considerations and projections of yet-to-be-realized future conditions that color the merit of the application and reasonableness of the regulations in place at this moment in time.



The East Lyme Housing Study

To produce the East Lyme Affordable Housing Plan, an extensive housing study was conducted to assess the local and regional housing market, determine affordable housing needs, identify impediments to housing and affordable housing, and identify potential strategies that East Lyme could implement to promote, encourage, and provide for *qualified affordable housing*. In doing so, the study reviewed and gave due consideration to state and regional planning efforts by reviewing and considering the State of Connecticut *2020-24 Consolidated Plan for Housing and Community Development*, the Southeastern Connecticut Council of Governments (SCCOG) *2017 Regional Plan of Conservation and Development*, the SCCOG *2018 Southeastern Connecticut Housing Needs Assessment*, and the State of Connecticut *2018-2023 Conservation & Development Policies: The Plan for Connecticut*. Also, past studies by the Town of East Lyme were reviewed, and the most recent East Lyme Plan of Conservation and Development (2020) and current Zoning Regulations were also reviewed and considered. Most important, material from East Lyme’s 2009 Affordable Housing Plan was incorporated into this Affordable Housing Plan, including specific recommendations.

This comprehensive housing study resulted in four reports that provided the foundation for this Affordable Housing Plan and are considered as part of this Plan. The reports include the following reports:

- Understanding Housing Markets and Affordable Housing – Presentation June 2022
- Recommended Modifications to the Zoning Regulation – July 2022
- Housing Analysis and Needs Assessment – August 2022
- Housing and Affordable Housing Incentives Assessment – August 2022
- Neighboring Town Demographic Comparison – September 2022

In addition to conducting these studies and issuing these reports, Subcommittee meetings were conducted monthly from June through November 2022 with the Affordable Housing Plan Steering Committee who advised the process of creating the Affordable Housing Plan. As part of the public engagement, [to be added] The following are short summaries of the some of the study findings that were produced as part of this Plan.

Recommended Modifications to Land Use Regulations – Summary

The comprehensive review of the Zoning Regulations identified provisions that likely create impediments to the production of housing and affordable housing in East Lyme. The impediments and potential changes and improvements included:

- **Purpose:** Add statutory language regarding providing for multi-family and low- and moderate-income housing and for zoning to ‘affirmatively forward fair housing.’⁴
- **Plan Section:** Based on recent statutory changes regarding character, add language describing the ‘physical character’ of each zoning district.
- **Definitions:** Add a definition for affordable housing—should be in accordance with 8-30g language for *qualified affordable housing*.
- **Accessory Apartments:** Consider allowing Accessory Dwellings and providing an Accessory Dwelling provision to guide their utilization.
- **Missing Middle Housing:** Consider removing the increased required lot size for two-family dwellings.
- **Mixed Use Dwellings:** Consider removing the increased lot size and per bedroom increase in lot size provisions.
- **Mixed Use Dwellings (GPDD):** Consider allowing stand-alone multi-family developments or residential units on the same site as commercial development—removing the residential above commercial provisions.
- **Attached (multi-family) Housing Regulation:** Reduce the required minimum lot size and increase height (number of stories) allowed to encourage higher density multi-family development in more locations.

⁴ Affirmatively forward fair means that zoning must do more than simply not discriminate, zoning must take meaningful action to overcome patterns of segregation and foster an inclusive community.

- **Parking Requirements- Multi-Family:** Consider changing the required parking for multi-family units to simply 1.5 or 1.75 spaces per unit, regardless of unit bedroom mix and eliminate the required visitor parking.
- **Minimum Residential Standards:** In accordance with State law (PA 21-29),⁵ remove the minimum residential unit size provisions throughout the Regulations and consider removing the requirement for multi-family and multi-story dwellings to be equipped with elevators.
- **Conservation Design Development:** Consider a provision that would allow 30% or more of the units in such a development to be duplex or semi-attached units.

Housing Needs Assessment – Summary

The tables below provide a summary of findings from the affordable housing needs assessment that calculated the need (demand) for affordable housing. Table 5 addressed owner-occupied housing and Table 6 addresses renter-occupied housing. To accomplish this, the needs assessment compares the number of housing units available to the number of households in specific income cohorts.

- The negative values (in red) indicate where there are *fewer housing units available* than there are households that need housing affordable at the respective income level.
- The positive value indicates where there are more housing units available than there are households that need housing affordable at the respective income level.

Table 5. Households by Income Compared to Existing Owner-Occupied Housing Stock by Value

Household Income	<\$15,000	\$15,000- \$24,999	\$25,000- \$34,999	\$35,000- \$49,999	\$50,000- \$74,999	\$75,000- \$99,999	\$100,000- \$149,999	\$150,000+
Households @ Income	205	252	155	323	809	489	1,264	1,863
Est. affordable home Value (HH Income x 2.8) (rounded)	\$42,000	\$70,000	\$98,000	\$140,000	\$210,000	\$280,000	\$420,000	\$560,000
Existing Housing Units	68	7	58	58	349	1,885	2,201	734
Households w/Adequate Income	205	252	155	323	809	489	1,264	1,863
Units Available Vs Adequate Income	-137	-245	-97	-265	-460	1,396	937	-1,129

⁵ PA 21-29 implemented many comprehensive reforms to the State Zoning Enabling Legislation with the aim to reduce to create greater opportunities for housing to be constructed in Connecticut. This include provisions addressing accessory dwelling units (ADU), permitting fees, parking requirements, and other provisions of zoning that were viewed to conflict with the State objective to increase housing and affordable housing.

Table 6. Households by Income Compared to Existing (Rental) Housing Stock by Value

Household Income	Less than \$15,000	\$15,000-\$24,999	\$25,000-\$34,999	\$35,000-\$49,999	\$50,000-\$74,999	\$75,000-\$99,999	\$100,000-\$149,999	\$150,000 or more
Households @ Income	198	129	216	395	218	347	260	165
Est. affordable monthly rent Value (HH Income x 0.30)	\$375	\$625	\$875	\$1,250	\$1,875	\$2,500	\$3,750	\$3,750+
Existing Housing (Household)	22	129	289	788	454	210	45	0
Units	(11.5%)	(34.4%)	(31.5%)	(13.9%)	(3.9%)	(2.0%)	(2.7%)	(0%)
Households w/Adequate Income	198	202	216	395	218	347	260	165
Units Available Vs Adequate Income	-176	-73	73	393	236	-137	-215	-165

The findings of the housing needs assessment are as follow:

- **Owner-Occupied Housing:** Below household incomes of \$74,999 is where the greatest need for owner-occupied housing—demand outpaces supply, demonstrating housing affordability need.
- **Renter-Occupied:** Below household incomes of \$24,999 is where the greatest need for renter-occupied housing—demand outpaces supply, demonstrating housing affordability need.
- **Overall Finding:** It is very challenging to address owner-occupied affordability—the cost to construct single-family and duplex housing typically exceeds the capabilities of lower income households—even when subsidies are provided. Therefore, it is best to focus on rental housing at or below incomes of \$75,000.
- **Additional Finding and Consideration:** The greatest need for affordable housing is at incomes below \$15,000 (approximately 20% AMI). At incomes below the poverty level (approximately 30% AMI), affordable housing cannot be addressed simply through the removal of impediments in the local land use, regulatory, and permitting system. Addressing this market segment requires intentional and specific government interventions. This is where Federal and State interventions, such as voucher programs and Low Income Housing Tax Credits (LIHTC) are needed.

Housing and Affordable Housing Incentive Programs – Summary

The exploration and review of potential housing incentive tools and programs that the Town of East Lyme could employ to proactively encourage and provide affordable housing revealed several opportunities and viable approaches to intervene in the affordable housing market. The following is a summary of the tools and programs that could be implemented in East Lyme.

- **Density and Density Bonuses:** Implementing the recommended zoning regulation changes aimed at removing impediments to affordable housing. This includes two additional recommendations beyond those discussed above:
 - Create an Affordable Housing Overlay Zone for areas served by public water and sewer.

- Create an Affordable Housing or Inclusionary provision that is applied to all residential zones and development over 10 units. For example, a minimum of 5% or 10% qualified affordable for single-family and 10% or 15% for qualified affordable for multi-family.
- This provision could include a fee-in-lieu-of affordable housing provision to provide funding for the Housing Trust Fund.
- **Efficient Permitting:** Create a more efficient permitting process. Specifically, reduce overreliance on special permit uses for multi-family residential and mixed-use developments.
- **Property Tax Abatements:** Allow and grant tax abatements for affordable housing developments.
- **Housing Trust Fund:** Create an affordable housing trust fund to raise and capture funding to aid in the development of affordable housing and target the funds and support for affordable housing that serves households at or below 50% median income (i.e., supportive housing).

The East Lyme Affordable Housing Strategy

This section is the Affordable Housing Strategy—the specific policies, programs, and strategies to implement to encourage and provide more *Qualified Affordable Housing* in the town of East Lyme. It is important to recognize, it is not enough to simply adopt this plan and implement the recommended strategies. Encouraging and providing affordable housing is challenging and difficult work. It is easy to lose momentum and the political will required to achieve the desired outcomes of inclusion and investment. Therefore, East Lyme must embrace this plan, the need for affordable housing, and the desired outcome as a new philosophy of improvement, inclusion, and betterment for the community. This requires a constancy of purpose to implement the plan and achieve the desired outcomes. East Lyme must work, continuously and passionately to provide affordable housing.

East Lyme’s Guiding Principles for Affordable Housing

The following are a set of guiding principles that frame East Lyme’s Affordable Housing Plan:

- **Protect and preserve – do no harm:** East Lyme will maintain the physical, aesthetic, and cultural character of the community by maintaining the rural-suburban residential development patterns of the community.
- **Focus on the needs of East Lyme residents and employees, with a view toward regional need.** East Lyme will seek to provide a housing stock that meets the needs of the community, as determined in the housing needs assessment. In doing so, East Lyme recognizes it does not exist in a vacuum and is part of a regional housing market—a market where East Lyme already outperforms its neighboring community in the amount/percent of qualified affordable housing provided.
- **Focus on redevelopment.** East Lyme will encourage and utilize multi-family housing and affordable housing as means to reposition older commercial areas to compete for investment. This includes areas with the public infrastructures available to support greater density.

- **A balanced and sustainable approach to housing.** East Lyme will encourage and support development opportunities that can and will strike a balance between economic, social, and environmental concerns.
- **Fair housing.** East Lyme, through its planning and zoning efforts will affirmatively forward fair housing.

Removing Regulatory Impediments – Recommended Modifications of Land Use Regulations

The following are specific recommendations for modifications and improvements to the East Lyme Zoning Regulations aimed at removing impediments to housing, investment, and the creation of affordable housing. These recommendations are derived from *Recommended Modifications to the Zoning Regulations* report (See Appendix). By implementing such changes, East Lyme can create a more predictable land-use system, ensure greater confidence in housing developers and investors, and encourage greater investment, in the form of infill development, redevelopment, and new development within the areas of the community that can accommodate development and best serve the needs moderate- and lower-income household in East Lyme and the region.

It should be noted that East Lyme’s zoning regulations are comparatively much better than most zoning regulations in terms of encouraging housing and affordable housing. In fact, there are very few provision that are impediments housing and affordable housing. Therefore, the recommendations below are aimed at creating improvement—to better encourage and allow housing and affordable housing.

Zoning Purpose Section:

- The Purpose section of the Zoning Regulations does not include the statutory language regarding providing for multi-family and low- and moderate-income housing or the recent statutory language on “affirmatively forwarding fair housing.” The Zoning Commission should amend the Regulations to include such language.

Zoning (District) Plan:

- The Plan section of the Zoning Regulations references the character of districts. Due to recent changes in statutory language, the regulations must describe the *physical character* of each district if physical is to be used as means of deciding the merits of an application. Therefore, the Zoning Commission should **add** language describing the physical character of each zoning district.

Zoning Definitions:

- The Zoning Regulations do not define affordable housing. The Zoning Commission should define affordable housing based on the 8-30g definition of *qualified affordable housing*.

Zoning Accessory Apartments:

- Accessory apartments provide a simple, low-cost, and low-risk means to diversify the housing stock, increase the amount of rental product, and provide a form of housing that is often more affordable—market rate affordable. The Zoning Commission should amend the

Zoning Regulations to allow for Accessory Dwellings and provide an Accessory Dwelling provision to guide their utilization.

Missing Middle Housing:

- Compared to most communities, East Lyme has an ample amount of missing-middle housing and continues to allow such housing. Unfortunately, the provisions requiring increased lot size for two-family dwellings creates a physical and financial barrier to producing such housing. The Zoning Commission should remove this increased lot size provision.

Mixed Use Dwellings:

- The provision allowing mixed-use dwellings in commercial zones is positive. However, the related provision requiring increased lot size for such units, and the increased lot size per bedroom create impediments to housing being produced and the affordability of said housing. The Zoning Commission should remove the increase lot size and per bedroom increase lot size provisions.

Mixed Use Dwellings (GPDD):

- Allowing mixed-use dwelling GPDD is very good and positive. Unfortunately, the provision requiring such units above offices or businesses and prohibiting stand-alone residential units are impediments to housing. The Zoning Commission should remove these provisions.

Parking Requirements – Multi-Family:

- The multi-family parking requirements, by today's standards and need, are excessive and create an impediment to housing and affordable housing. The Zoning Commission should reduce the required parking for multi-family units to 1.5 or 1.75 spaces per unit and not require additional visitor parking.

Minimum Residential Unit Size Provisions:

- The various provisions for Minimum Residential Standards are highly restrictive, conflict with market trends, and artificially inflate housing cost. In addition, based on prior case law and recent changes to zoning law (see Public Act 21-29), and illegal. The Zoning Commission should remove such provisions and the provision that requires all multi-family, multi-story dwellings to be equipped with elevators.

Conservation Design Development:

- The utilization of duplex and tri-plex units has become more common in recent years in lower density developments and subdivision. In addition, so long as the number of bedrooms does not exceed 16, multiple units can exist on single septic system and not be considered a community system. This created opportunities for missing-middle housing and adding density to conservation developments. The Zoning Commission should consider a provision that would allow 20% or more of the units in a Conservation Design Development to be duplex units.

Providing Incentives – Housing and Affordable Housing Incentive Programs

The following are specific recommendations for incentives to create housing and affordable housing in East Lyme. These recommendations are derived from *Housing and Affordable Housing Incentive Programs* report. By implementing such incentives, East Lyme can and will proactively intervene in the housing market by providing resources that can mitigate the fiscal barriers to housing and affordable housing productions.

Density and Density Bonuses:

- Density bonuses are regulatory (zoning) incentives that allow land to be developed at a higher density than is allowed by zoning. The increased density (or greater housing unit yield) allows for the cost of land to be spread over more units, effectively reducing the per unit land costs and the total per unit housing cost. The Zoning Commission should implement the recommendations of the *Review and Analysis: Recommended Modifications to the Zoning Regulations* report (discussed above), as each of those recommendations will help to increase housing diversity, supply, opportunity, and improving affordability. In addition, the Zoning Commission should create an Affordable Housing Overlay Zone for areas served by public water and public sewer that allows multi-family (including mixed-use developments) housing in accordance with CGS 8-30g *qualified affordable housing* for household at or below incomes of 80% AMI). Such a regulation should include an inclusionary provision that is applied to all residential zones and development over 10 units. For example, a minimum of 5% or 10% qualified affordable for single-family and 10% or 15% for qualified affordable for multi-family. Such provision should include density bonuses.

Efficient Permitting – Swift, Simple, and Certain:

- The recommendations in *Review and Analysis: Recommended Modifications to the Zoning Regulations* report focuses on creating a swift, simple, and certain land use approval process. The greater certainty and predictability that can be provided in the land use approval process, the more likely housing will be built, including affordable housing. The Zoning Commission should continuously seek to maintain and improve an efficient permitting process.

Property Tax Abatement:

- Local property taxes contribute to operating expenses/costs of multi-family and mixed-use developments. Therefore, the granting of a tax abatement has become a strategy to reduce costs, increase returns, and to assist housing developments that otherwise would not be financially feasible—would not get built, contribute to the grand list, or pay taxes. Recognizing that tax abatements are controversial public policy actions, East Lyme should engage in further discussion, study, and consideration as to utilization of CGS 12-65b (Agreements between municipality and owner...of real property...fixing the

assessment of such property...) as a policy tool to incentivize multi-family housing, mixed-use development, and affordable housing.

Housing Trust Fund:

- A Housing Trust Fund (in accordance with the Connecticut General Statutes, Chapter 98, Section 7-148(c)(2)(K)) is an innovative tool to raise funds for affordable. Most important, when paired with an inclusionary zoning provision (CGS 8-2i. Inclusionary Zoning), a Housing Trust Fund can be a powerful tool for incentivizing and producing affordable housing—including the use of a fee-in-lieu of open space. East Lyme should create an Affordable Housing Trust Fund. In doing so, East Lyme should consider targeting the funds raised in the Affordable Housing Trust Fund at affordable housing for households at or below 50% AMI. Households at incomes at or below 50% AMI is where there is the greatest need for affordable housing. The following are some considerations for the creation of an Affordable Housing Trust Fund:
 - Pair the Trust Fund with an *inclusionary zoning provision* that requires a fee-in-lieu of affordable housing for all housing developments of 10 units or more that do not provide affordable housing units.
 - Designate an Affordable Housing Advisory Committee to oversee and administer the fund.
 - Promote the fund for tax deductible donations, including hosting fundraiser events and drives. (Under the IRS code Section 170(c)(1) contributions to a state or a political subdivision "made for exclusively public purposes" qualify as a tax-deductible charitable donation.)

Implementation Schedule

Implementation of this Plan is a gradual and continual process—a continuous process of working towards improvement through achieving the goals and objectives of this Plan. While some recommendations can be carried out in a relatively short period, others may only be realized towards the end of the plan implementation period, and some may be even more long-term in nature. Furthermore, since some recommendations may involve additional study or a commitment of fiscal resources, their implementation may take place over several years or occur in stages or phases.

The following chart identifies the specific strategy, the agency responsible, and the recommended priority for implementation. In many instances, the responsibilities are shared by more than one agency. The Planning Commission is included as a entity that can assist in crafting the policies. ‘

Affordable Housing Plan			
Strategies	ZC	PC	BOS
Zoning Purpose	High		
Zoning Plan	High		
Zoning Definitions	High		
Accessory Apartments	Medium		
Missing Middle Housing	Medium		
Mixed Use Dwellings	High		
Mixed Use Dwellings (GPDD)	High		
Minimum Residential Unit Size	High		
Parking Requirements – Multi-Family	Medium		
Conservation Design Development	Low		
Efficient Permitting & Permitted Uses	Low		
Inclusionary Zoning	Medium	Medium	
Permitting Fee Reductions & Waivers	Low	Medium	Low
Property Tax Abatement	Low	Low	Low
Housing Trust Fund	Medium	High	High

Implementation Schedule Legend

Agency	Abbreviation
Zoning Commission	ZC
Planning Commission	PC
Board of Selectmen	BOS

Priority	
High	Year 1
Medium	Years 2 to 3
Low	Years 4 to 5

Town of East Lyme, Connecticut

Planning Commission

Affordable Housing Plan