

# **Housing Affordability 2008 Report Revisited**

TOWN OF STONINGTON  
DEPARTMENT OF PLANNING  
8.20.2018

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**Prepared for the Town of Stonington Economic Development Commission**  
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### **About the Department of Planning**

The Stonington Department of Planning is a Town Charter-established agency that works under the direction of the First Selectman of the Town of Stonington. The team is comprised of land use and community development professionals, that work to implement recommendations in the Town’s Plan of Conservation and Development, review land use applications, and enforce land use regulations.

## Overview

A Stonington Housing Affordability Report was produced by the Town in 2008. This Status Report assesses progress made against the Strategies delineated in the 2008 Report. We have found:

First, while never formally adopted as official town policy, there are a number of outcomes that can be attributed to the report. This report details those outcomes, and some of the success metrics, which include an estimated \$800,000 in new annual municipal revenue.

Second, this assessment of the Report provides a basis of interest for which to act, and the following recommendations are proposed:

- Seek resources to **Develop and Adopt a Housing Plan**; and
- Stonington's Economic Development Commission will address **housing as an economic focal point**.

## Background

The 2008 Housing Affordability Report was developed by the **Stonington Affordable Housing Committee** with funding provided by area business, charitable organizations and the Town. A well-attended public input meeting was held prior to its final development. The goal at the time was to seek adoption as part of the Town's Plan of Conservation and Development (POCD).

After a public hearing, the Planning and Zoning Commission decided not to adopt the report as part of the POCD. Despite not being adopted as part of the POCD, the **Housing Affordability Report** has served as a guide to municipal leaders, staff and the development community. This document summarizes some of the housing related activities that have occurred since.

## 10 Years Later

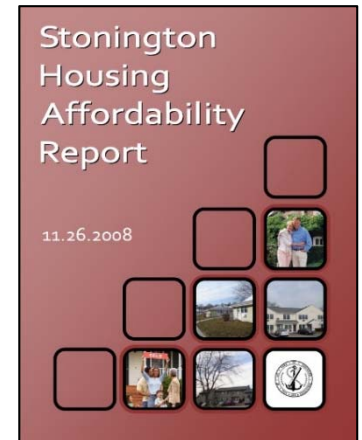
**Was the 2008 Report successful?** This report looks at progress made on both the development side (new housing assets) and the policy side of the issue. There is also an initial estimate of the return on investment resulting from the effort.

### CONTEXT

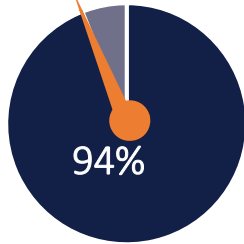
The economic downturn a decade ago stalled housing developments of all types, nationwide, from mill redevelopments to single family subdivisions. Recent upturns in the regional economy, including increased defense related employment, are expected to result in additional demand for units catering to young professionals and retirees.

Most significantly, housing is now recognized as a key economic driver –housing in Stonington is valued at over **\$2 BILLION**, which is **73%** of the Grand List. It is estimated that rental housing is a \$30 Million / year industry in the Town.

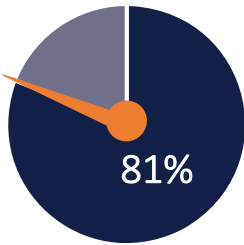
### REPORT



### LAND ZONED FOR HOUSING

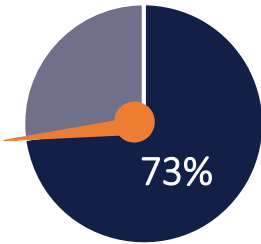


94% of the town is zoned exclusively for housing



Housing comprises 81% of real property value

### GRAND LIST



Housing provides 73% of the Town's tax revenue. The remaining 27% comes from motor vehicles, personal property and business properties

Demographic changes described in the 2008 report, such as smaller household sizes, have become increasingly clear to the community. Schools across the region are consolidating as enrollment has fallen. Single-person households are increasing, the Baby-Boomer generation is retiring and young people are leaving the state and region partially due to high housing costs.

Lastly, while not the most compelling reason, State law now mandates the development of housing affordability plans as part of the Plan of Conservation and Development. An update of this report is now something the community **must do**. It makes sense to start with an analysis of the past.

### DEVELOPMENT PROGRESS

Since a lack of affordable housing was a key issue identified in the Report, it is important to recognize what has been done to address this issue. Three **Affordable Housing Developments** have been approved by the Town and are occupied or under construction (i.e., Spruce Meadows, Spruce Ridge & Threadmill North). These are the first Affordable Housing Developments permitted in Stonington since CGS Section 8-30g (see sidebar) was adopted by the State in the late 1980's. These new units represent **18%** of multi-family dwelling units constructed over the past decade. The permitting process for all three was characterized by a lack of opposition and controversy. At 6% Affordable Housing, the Town is still well below the 10% affordable housing threshold established by 8-30g but has made progress.

Several other market rate multi-family developments have been constructed and / or approved by the Town, diversifying the community's housing portfolio. These include a number of different types of residential developments – elderly, mixed use, luxury townhouses and a large multi-family development. As seen through land use commission approvals and public statements, Town leaders appear to have more recognition of the benefits of providing housing for all residents.

## CASE STUDY

### How A Town and Developer Can Work Together

Spruce Meadows is a housing development that opened in 2017. This project resulted from a collaboration between the town and a local non-profit developer.

Spruce Meadows provides 34 affordable residential units along with nine market-rate units. Phase II of the project - Spruce Ridge - will add 43 more units, 10 at market rates and the remainder at affordability levels ranging from 25% of the area median income to 60%.

Julie Savin, the Director of Real Estate at Neighborworks New Horizons, says no development is easy but collaboration with Stonington made Spruce Meadows much easier. It included a thoughtful, amicable use of CGS 8-30g, as recommended in the 2008 Housing Affordability Report. **For additional details, check out the full case study:** [pschousing.org/stonington-how-town-and-developer-can-work-together-create-mixed-income-housing](https://pschousing.org/stonington-how-town-and-developer-can-work-together-create-mixed-income-housing)

**POLICY PROGRESS**

The Town’s new Plan of Conservation and Development (POCD), adopted in 2015, more directly addresses affordable housing issues. Chapter 9 of the Plan clearly spells out several policies and tasks promoting diversification of the Town’s housing stock and inclusion of affordable housing. Recent changes in State Statutes require that communities prepare and update Affordable Housing Plans.

Incentive Housing Zone Study (IHZ) – This study, funded by the CT Department of Housing included visioning for the redevelopment of two underutilized properties, updated the demographic information in the 2008 Housing Affordability Report and included draft IHZ regulations.

Several Zoning Regulation Amendments over the past few years have been approved that can accommodate new housing opportunities (see sidebar). These amendments include new zoning districts for Downtown Pawcatuck and the Mechanic Street mills, which allow for significant residential and mixed-use development and new master planned “floating zones,” such as the Greenway Development District.

**RELEVANT ZONING AMENDMENTS THAT ADVANCE HOUSING POLICY**

- Greenway Development District
- Agricultural Heritage Districts
- Pawcatuck Village District
- Heritage Mill District
- Neighborhood Development District tool allowed in TC-80 District
- LS-5 buffer modifications
- Reduction of the five-year Substantial Improvement FEMA lookback period

**CASE STUDY**

**Turn the Lights on**

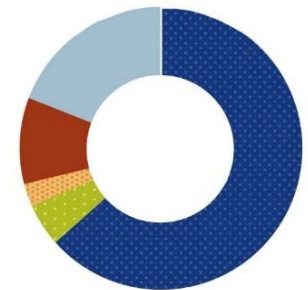
During the 2004 Plan of Conservation and Development project, a bus tour of various areas was organized. One stop involved the former Harris Mill parking lot on Prospect Street in Pawcatuck. Former Planning and Zoning Commission chairman Robert Granato alerted the group to the challenges with the property, which was zoned M-1 Industrial.

An off-the-cuff idea from Planimetrics consultant Glenn Chalder, AICP “have you ever considered housing on this property?” led to the development of the Pawcatuck Revitalization Strategies report, and the adoption of a new zoning tool: The Neighborhood Development District (NDD). A developer was able to secure approval, completed 50% of the project, and effectively turned the lights back on in this neighborhood. Final implementation of the project will be driven by market demand.

**RETURN ON INVESTMENT**

At the time of development, the Report cost the Town of Stonington \$5,000 to prepare. It is estimated that the ideas generated by that report have led to \$800,000-and-counting in new tax revenue over the past decade. This is a ROI of \$160 for each dollar spent.

**UNITS IN STRUCTURE BY TENURE**



<b>Owner-Occupied</b>			
Single-Family	4,964	64%	
Multifamily	371	5%	
Mobile	211	3%	
<b>Renter Occupied</b>			
Single-Family	769	10%	
Multifamily	1,489	19%	
Mobile	7	0%	

Source 2009-13 ACS

**AFFORDABLE HOUSING IN STONINGTON**

Total Units	9,467
Assistance	462
Mortgage	77
Deed	40
Total	579
Percent	6.1%

Source DECD 2017 plus Threadmill and Spruce Meadow

## AFFORDABLE HOUSING

The commonly accepted standard for affordability is that a household's monthly housing costs should not exceed 30 percent of its monthly net household income.

In Connecticut, housing is usually considered "affordable" if it would meet this 30 percent standard for families that earn below 80 percent of the area median income.

### CGS 8-30g

Connecticut General Statutes (CGS) Section 8-30g ("8-30g") is a law that changes the burden of proof for land use applications from the developer to the community, in communities that have less than 10 percent affordable housing. For example, in order to deny a development that includes affordable housing, **a community must prove** that there is an impact on public health or safety.

In order to qualify as a recognized affordable housing unit under 8-30g, a unit must:

- be assisted housing (funded under a State or Federal program);
- CHFA-financed housing (financed under a program for income-qualifying persons or families); or,
- be deed-restricted to be affordable to low- or moderate-income persons or families for at least 40 years.

8-30g does not apply when a community has 10 percent, or more, of its housing stock as recognized affordable housing.

*Stonington is not exempt from 8-30g*

## Remaining Challenges

The Southeastern Connecticut **2018 Housing Needs Assessment** identifies that need remains high for affordable housing in the Region. Stonington's in-depth analysis of the issue identified:

- **44% of renters** and **30% of homeowners** in Stonington spend more than 30% of their income on housing (source: Partnership for Strong Communities 2018 Housing Data Profile).
- The Fair Market Rent of a two-bedroom dwelling unit in Stonington is calculated at **\$1,119 per month**.
- In 2017 the "Housing Wage" for Stonington was **\$20.71/hour**. This figure is calculated as the hourly wage needed for a household to afford a typical two-bedroom apartment in the community. SOURCE: National Low-Income Housing Coalition

Accessory Dwelling Unit regulations continue to be restrictive, limiting the community's "lowest hanging fruit" for providing affordable housing.

Opposition remains to specific proposals; the concept of affordable housing at the former Mystic Armory site was strongly opposed at an Incentive Housing Zone public forum.

Further education and outreach regarding housing issues may be beneficial as a 2014 questionnaire for the POCD listed "promotion of affordable housing" last out of 10 priorities, as judged by respondents. While not a scientific poll, it outlines the need for more education about this topic.

Over the past several decades, affordable housing development has clustered in one area of Pawcatuck with four large developments on South Broad Street. Although this pattern has not resulted from the Town's design, a challenge going forward is to offer additional opportunities in other areas of the community.

As the 2008 report indicated, the community must find ways to preserve existing deed restricted units.

Homelessness remains an issue in Stonington, although a mostly hidden one. During the 2017 fiscal year, the Town's Human Services Department had 58 contacts regarding homelessness. In 2016, police dismantled a homeless camp on municipal land and worked to find shelters for the residents. Stonington is working with regional partners to seek additional resources to address this issue.

The increasing popularity of online-facilitated Short Term Rentals (e.g., AirB&B, VRBO) can provide benefits to property owners and tourism-dependent businesses. However, a challenge can also be a decrease in the supply of long term rental units for permanent residents.

# Metrics

While the 2008 Report did not define success or identify metrics to determine success. We are applying the following elements for consideration and analysis:

- Number of new multifamily units approved / constructed – **755 / 314**
- Multifamily as a percent of all new units constructed – **47%**
- Number of new affordable housing units constructed / percent – **34 / 5%**
- Net value of new multifamily units constructed – **\$61,816,194**
- Annual new tax revenue generated by new multifamily units – **-\$368,000**

## MULTI-FAMILY DEVELOPMENTS OF 10 UNITS OR MORE SINCE 2008

DEVELOPMENT	#UNITS APPROVED	#UNITS CONSTRUCTED	#UNITS AFFORDABLE
Allen Spool Mill	12	12	0
Crescent Club (attached units)	64	0	0
CT Castings Mill*	39	0	0
Masonicare	245	179	0
Mystic Harbour	42	0	0
Perkins Farm	171	0	0
Prospect Place*	38	22	0
Spruce Meadows	43	43	22
Spruce Ridge**	43	0	22
Threadmill North	58	58	12
<b>TOTAL</b>	<b>755</b>	<b>314</b>	<b>56</b>

\* Approved before 2008 but still RELEVANT and buildable

\*\* Under construction

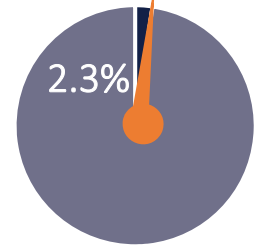
Affordable units = 7% of approved multi-family units and 18% of constructed multi-family units.

## NEW MULTI-FAMILY DEVELOPMENT VALUE COMPARISON (BEFORE AND AFTER)

DEVELOPMENT	APPRAISED VALUE			CHANGE
	2002	2007	2017	
Allen Spool Mill	\$1,203,006		\$2,681,900	\$1,478,894
Crescent Club			NOT CONSTRUCTED	
CT Castings Mill			NOT CONSTRUCTED	
Masonicare*	\$306,000		\$39,261,600	\$38,955,600
Mystic Harbour	\$599,000		NOT CONSTRUCTED	
Mystic Point (no new units)	\$1,300,000		\$10,600,000	\$9,300,000
Perkins Farm			NOT CONSTRUCTED	
Prospect Place	\$312,600		\$4,015,300	\$3,702,700
Spruce Meadows		\$260,500	\$1,998,300	\$1,737,800
Threadmill North		\$945,700	\$7,586,900	\$6,641,200
NEW MARKET VALUE				<b>\$61,816,194</b>
NEW ESTIMATED TAX VALUE				<b>\$368,000</b>

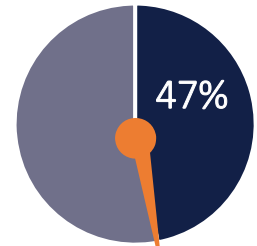
\* Masonicare has municipal services agreement

## VALUE OF NEW HOUSING



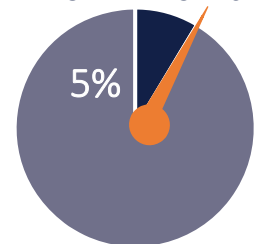
New housing represents 2.3% of the total grant list

## NEW UNITS



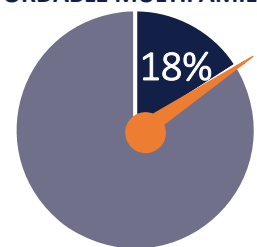
New multifamily units were 47% of all new units built over the past decade

## NEW AFFORDABLE UNITS



About 5% of all new housing units are deed-restricted as affordable housing

## AFFORDABLE MULTIFAMILY



About 18% of all new multi-family housing are deed-restricted affordable housing



## SECONDARY STRATEGIES

**Strategy 6. Provide Affordable Housing for Elderly Residents**  
[STILL RELEVANT GOAL]

**Strategy 7. Provide Workforce Housing**  
[STILL RELEVANT GOAL – PROGRESS MADE]

**Strategy 8. Diversify Housing Choices**  
[STILL RELEVANT GOAL – PROGRESS MADE]

**Strategy 9. Partner with Others**  
[STILL RELEVANT GOAL – PROGRESS MADE]

**Strategy 10. Promote Awareness**  
[STILL RELEVANT GOAL – PROGRESS MADE]

# 2008 Affordable Housing Report Strategies

## Strategy 1. PROTECT EXISTING AFFORDABLE HOUSING

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### TASKS:

1. Provide a density bonus for existing affordable housing developments
2. Provide tax abatements for existing affordable housing developments
3. Identify governmental and private funding sources to remodel existing affordable units to ensure that they remain protected
4. Extend affordability restrictions

**DOP ANALYSIS:** STILL RELEVANT OBJECTIVE

## Strategy 2. REQUIRE AFFORDABLE HOUSING IN NEW DEVELOPMENT

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### TASKS:

1. Adopt an inclusionary zoning regulation requiring deed-restricted affordable housing, in accordance with State Statutes, in all residential development.
2. Require an “inclusionary housing fee” for all development.

**DOP ANALYSIS:** RESEARCH REQUIRED AS TO AFFECTS ON LOCAL HOUSING MARKET

## Strategy 3. CONVERT NATURALLY OCCURRING HOUSING AFFORDABILITY (NOHA) INTO PROTECTED AFFORDABLE HOUSING UNITS

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### TASKS:

1. Develop a program to convert “naturally occurring” affordable housing units into deed restricted units.
2. Provide incentives to convert existing accessory apartments into deed restricted units.
3. Identify tax delinquent properties and evaluate them for use as affordable housing.
4. Sponsor education programs for first time home buyers and real estate professionals to encourage the utilization of CHFA and FmHA loan programs.

**DOP ANALYSIS:** STILL RELEVANT OBJECTIVE

## Strategy 4. DEVELOP NEW AFFORDABLE HOUSING UNITS

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### TASKS:

1. Take a development role in creating new units.
2. Identify tax delinquent properties and evaluate them for use as affordable housing.
3. Utilize the Incentive Housing Zone (IHZ).
4. Promote the inclusion of affordable housing in the adaptive reuse of older buildings.

**DOP ANALYSIS:** STILL RELEVANT OBJECTIVE; IHZ STUDIED / DEEMED INADEQUATE TOOL

## Strategy 5. PROVIDE DIRECTION FOR CGS SECTION 8-30G PROPOSALS

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### TASKS:

1. Work with developers to provide direction for 8-30g proposals.
2. Use the Tier Map as a tool to guide developers to areas that infrastructure for housing.


**DOP ANALYSIS:** STILL RELEVANT OBJECTIVE; 3 DEVELOPMENTS APPROVED



# 2015 POCD Strategies

In 2015, the Stonington Planning and Zoning Commission adopted the updated Plan of Conservation and Development (POCD). This document has the following housing policy recommendations, many of which align with the 2008 Report:

## POCD STRATEGY LEGEND

- P POLICY
- T TASK / PROJECT
-  LINKED TO 2008 REPORT
- COMPLETED

<b>9.1 DIVERSIFY OUR HOUSING PORTFOLIO</b>				
9.1.1	Encourage diversification of housing stock.	P		H
9.1.2	Encourage increasing housing options for an aging population of all income levels	P		H
9.1.3	Promote the inclusion of affordable housing in the adaptive reuse of older buildings.	P		H
9.1.4	Update and maintain the 2008 Affordable Housing Report.		T	H
9.1.5	Modify zoning regulations to make more provision for mixed use development, including residential units.		T	
9.1.6	Explore changes to the Attached Housing regulation to allow for additional development options.		T	
9.1.7	Study adoption of Incentive Housing Zone program, to provide additional housing opportunities.		T	H
9.1.8	Restore CDBG loan program to rehabilitate older homes and create or retain affordable units.		T	
9.1.9	Investigate potential use of affordable housing (or a fee-in-lieu payment) as part of every residential development.		T	H
<b>9.2 STRENGTHEN RESIDENTIAL DEVELOPMENT PATTERNS</b>				
9.2.1	Within village areas, promote infill and redevelopment which are in keeping with the overall character of the neighborhood.	P		
9.2.2	Encourage the re-use of mill buildings for housing where appropriate.	P		H
9.2.3	Encourage mixed use buildings, as appropriate, on major streets in village areas.	P		
9.2.4	Promote flexible rural design to conserve natural resources, preserve character and provide for greenways / walkability.	P		
<b>9.3 ADDRESS OTHER HOUSING ISSUES</b>				
9.3.1	Promote energy efficient housing designs, construction techniques and “green buildings.”	P		
9.3.2	Encourage re-use of existing buildings and mills for mixed use developments in village areas.	P		H
9.3.3	Explore modification of regulations to expand use of accessory apartments.		T	
9.3.4	Conduct a comprehensive rewrite of zoning to revisit, update and modernize residential zoning and streamline the process.		T	
9.3.5	Explore potential enhancement of tax relief programs for low income older residents.		T	H

## Next Steps

This activity summary is not a public policy document. However, some next steps need to be considered by community leaders:

- Assign resources to **Develop and Adopt a Housing Plan**; and
- Support Stonington's Economic Development Commission leadership in addressing **housing as an economic focal point**.

### ASSIGN RESOURCES

A **Housing Plan** is now a requirement in State Law. Planning involves an Inventory, Assessment and Strategy development coupled with a public process and stakeholder engagement. There are too few existing resources to complete all of the work associated with this type of endeavor, while completing the day-to-day tasks assigned to the Department of Planning. If this project has value, additional resources will be needed to implement the project. Considering how the current report has leveraged private-sector investment, this project should be a priority.

### CONSIDER HOUSING

Housing is **economic development** and is the most important driver for the town's operations. As such, the Economic Development Commission is the right entity to work on housing issues. A next step would be to work to develop an economic development workplan to address housing needs.

Further, by talking about housing as economic development, we expand the pool of potential candidates that are interested in finding solutions and seeking implementation.