

# Affordable Housing Plan

## Town of Haddam, CT

### Approved Sept. 12, 2022



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## Table of Contents

I.	Introduction.....	4
II.	Q&A.....	4
III.	Population & Housing Profile.....	11
IV.	Cost of Qualifying Affordable Housing .....	14
V.	Policy & Regulation Review .....	17
VI.	Identifying the Target Populations.....	20
VII.	A Realistic Affordable Housing Goal.....	21
VIII.	Locations for new Affordable Housing Development.....	25
IX.	Economics and Financial Feasibility.....	32
X.	Implementation: A Path Forward.....	33

## I. Introduction

### What is Affordable Housing in Connecticut?

Affordable housing is defined as a dwelling occupied by a family making no more than 80% of the area median income and that family spends no more than 30% of their income on housing costs (rent, mortgage, RE taxes and insurance). To qualify in Connecticut the dwelling must be deed restricted for at least 40 years to restrict appreciation and maintain affordability.

## II. Question and Answer

### Isn't most affordable housing government housing in the cities for the very poor?

Yes, the majority of affordable housing is concentrated in the cities. There are many misconceptions about affordable housing. Below are some pictures of public housing which is there to serve those in the very low-income brackets. These are heavily subsidized and such subsidies are not targeted to rural areas because of a lack of need and infrastructure to support such populations.





Affordable housing is also needed for people in the 60% to 80% of area median income. These could include recent college graduates, municipal workers, teachers, and service employees, like landscapers, health care providers, waiters and waitresses, cooks and grocery store workers. Below are pictures of privately developed affordable housing projects in central Connecticut servicing this population. These projects have 30% of their units as affordable with 70% of the units market rate. They also are a significant addition to the towns grand list.





### **What are the laws in Connecticut related to affordable housing at the local level?**

Chapter 126 of the Connecticut General Statutes, entitled MUNICIPAL PLANNING, COMMISSIONS, specifically CGS 8-23 requires that Plans of Conservation and Development (POCD) consider the need for affordable housing and may include plans for the implementation of affordable housing.

Chapter 124 of the Connecticut General Statutes, entitled MUNICIPAL ZONING, specifically CGS 8-2g and CGS8-2i provide for density bonuses and inclusionary zoning regulations for the provision of affordable housing, including the creation of an affordable housing trust fund.

In 1989, after receiving a Blue-Ribbon Commission Report the State Legislature recognized the affordable housing crisis and created Chapter 126a of the Connecticut General Statutes, entitled AFFORDABLE HOUSING LAND USE APPEALS, specifically CGS 8-30g. (8-30g)

CGS 8-30g requires every municipality to have 10% of its housing units designated as affordable, as described above.

The significance of 8-30g is that it allows developers to disregard zoning rules while also shifting the burden of proof to the town to justify a denial. It becomes very difficult for a town to deny an application, which does not meet current zoning regulations but does meet the minimum

standards found in CGS 8-30g. Essentially, in order to deny an application, the town is required to find documented and proven public health and / or safety concerns.

**Why haven't these laws solved the affordable housing issue here in Connecticut.**

To qualify to be an CGS 8-30g development the proposal must have not less than thirty percent of its units designated as affordable for at least forty years.

Of the affordable units not less than fifteen per cent of the units shall be sold or rented to families whose income is less than or equal to sixty per cent of the median income and the remainder sold or rented to families whose income is less than or equal to eighty per cent of the median income.

The majority of the housing in Connecticut is developed by the private sector with a profit motive. The legislature identified local resistance to affordable housing as the biggest problem, hence CGS 8-30g. No matter how easy it is to gain approval of an affordable housing development it will not get built if it isn't profitable.

Outside of affluent suburbs, CGS 8-30g has had very little impact. This is due to the small delta between the market rate and the affordable rate. In order to be economically feasible, the market rate units have to subsidize the affordable units. In affluent areas the developer is able to charge a premium for the market rate units to cover the loss they face from the affordable units. This is because the affordable units have the same development costs and operating costs as the market rate but represent a significant reduction in income within the development pro forma.

**Didn't Haddam prepare and adopt an Incentive Housing Zone (IHZ) Study in 2017 ?**

**YES**, Chapter 124b of the Connecticut General Statutes, entitled Incentive Housing Zones, provided funding to municipalities to create zones which allow higher densities to create affordable units. To qualify 20% of the units had to be affordable. Once established the statute envisioned payments from the state to the town. The payments were to be \$50,000 for establishing the zone and \$2,000-\$5,000 for each building permit issued. Payments were subject to available funds and the legislature failed to allocate the necessary funds.

Haddam secured \$20,000 in funding from the State and determined that the lack of public water and sewer made it virtually impossible to develop a parcel of land with high enough densities to qualify as an incentive housing zone development. The study produced some good information which will be incorporated into this plan.

**If the state allocated \$20,000 in 2017 to Haddam to study Incentive Housing Zones / affordable housing, why are we doing this again?**

In 2017 the legislature was faced with several bills aimed at amending CGS 8-30g. The result was the adoption of Public Act 17-170. The act made a series of changes to CGS 8-30g, primarily by easing some of the requirements for obtaining a moratorium under the act. These changes have no bearing on Haddam.

However, the act also required every town in Connecticut to adopt an affordable housing plan and to update the plan every five years. The resulting statute, which requires the Town of Haddam to study and prepare a plan for affordable housing, is as follows:

**“Sec. 8-30j. Affordable housing plan. Hearing and adoption. Amendments. Filing requirement.** (a) At least once every five years, each municipality shall prepare or amend and adopt an affordable housing plan for the municipality. Such plan shall specify how the municipality intends to increase the number of affordable housing developments in the municipality.

(b) The municipality may hold public informational meetings or organize other activities to inform residents about the process of preparing the plan. If the municipality holds a public hearing, at least thirty-five days prior to the public hearing on the adoption, the municipality shall file in the office of the town clerk of such municipality a copy of such draft plan or any amendments to the plan, and if applicable, post such draft plan on the Internet web site of the municipality. After adoption of the plan, the municipality shall file the final plan in the office of the town clerk of such municipality and, if applicable, post the plan on the Internet web site of the municipality.

(c) Following adoption, the municipality shall regularly review and maintain such plan. The municipality may adopt such geographical, functional or other amendments to the plan or parts of the plan, in accordance with the provisions of this section, as it deems necessary. If the municipality fails to amend such plan every five years, the chief elected official of the municipality shall submit a letter to the Commissioner of Housing that explains why such plan was not amended.”



## What are the most recent changes to the State Statues?

After much fanfare and controversy, the legislature adopted PA 21-29. It was an extremely watered down version compared to the originally proposed amendments. The public act became effective October 1, 2021.

Halloran and Sage's June 29<sup>th</sup>, 2021 newsletter summarized the changes. Below are the changes related to affordable housing:

New mandatory provisions that must be contained in zoning regulations:

- To address significant disparities in housing needs and access to educational, occupational and other opportunities.
- To affirmatively further the purposes of the Federal Fair Housing Act which prohibits housing discrimination based on race, color, national origin, religion, sex, familial status, or disability.
- To eliminate provisions that allow consideration of the "character of the district" and to, instead, "be drafted with reasonable consideration as to the physical site characteristics of the district and its peculiar suitability for particular uses."
- Must state that the regulations "shall expressly allow the development of housing which will meet the housing needs identified" in the state housing plan.

Town regulations may not

- Be applied to deny any land use application, including for any site plan approval, special permit, special exception or other zoning approval, on the basis of (A) a district's character, unless such character is expressly articulated in such regulations by clear and explicit physical standards for site work and structures, or (B) the immutable characteristics, source of income or income level of any applicant or end user, other than age or disability whenever age-restricted or disability-restricted housing may be permitted.
- Require more than one parking space for a studio or 1 BR or more than two parking spaces for a dwelling unit with 2 or more BR unless a town opts out...

Accessory Apartment Provisions

All zoning regulations shall:

- Designate locations or zoning districts within the municipality in which accessory apartments are allowed, provided at least one accessory apartment shall be allowed as of right on each lot that contains a single-family dwelling and no such accessory apartment shall be required to be an affordable accessory apartment.

- Allow accessory apartments to be attached to or located within the proposed or existing principal dwelling, or detached from the proposed or existing principal dwelling and located on the same lot as such dwelling.
- Set a maximum net floor area for an accessory apartment of not less than thirty percent of the net floor area of the principal dwelling, or one thousand square feet, whichever is less, except that such regulations may allow a larger net floor area for such apartments.
- Require setbacks, lot size and building frontage less than or equal to that which is required for the principal dwelling and require lot coverage greater than or equal to that which is required for the principal dwelling.
- Provide for height, landscaping and architectural design standards that do not exceed any such standards as they are applied to single-family dwellings in the municipality.
- Be prohibited from requiring (A) a passageway between any such accessory apartment and any such principal dwelling, (B) an exterior door for any such accessory apartment, except as required by the applicable building or fire code, (C) more than one parking space for any such accessory apartment, or fees in lieu of parking otherwise allowed by section 8-2c of the general statutes, (D) a familial, marital or employment relationship between occupants of the principal dwelling and accessory apartment, (E) a minimum age for occupants of the accessory apartment, (F) separate billing of utilities otherwise connected to, or used by, the principal dwelling unit, or (G) periodic renewals for permits for such accessory apartments.
- The accessory dwelling regulations do not override: (A) applicable building code requirements, (B) the ability of a municipality to prohibit or limit the use of accessory apartments for short-term rentals or vacation stays, or (C) other requirements where a well or private sewerage system is being used, provided approval for any such accessory apartment shall not be unreasonably withheld.
- A decision on an as of right accessory apartment application must be made within sixty-five days after receipt of such application by the applicable zoning commission unless the applicant consents to one or more extensions of not more than an additional sixty-five days.

Municipal regulations cannot:

- Condition the approval of an accessory apartment on the correction of a nonconforming use, structure or lot.
- Require the installation of fire sprinklers in an accessory apartment if such sprinklers are not required for the principal dwelling located on the same lot or otherwise required by the fire code.

A municipality, special district, sewer or water authority cannot:

- Consider an accessory apartment to be a new residential use for the purposes of calculating connection fees or capacity charges for utilities, including water and sewer service, unless such accessory apartment was constructed with a new single-family dwelling on the same lot.
- Require the installation of a new or separate utility connection directly to an accessory apartment or impose a related connection fee or capacity charge.

Public Act 21-29 states very clearly:

“Zoning regulations adopted pursuant to this section shall not:

(3) Impose conditions and requirements on manufactured homes, including mobile manufactured homes, having as their narrowest dimension twenty-two feet or more and built in accordance with federal manufactured home construction and safety standards or on lots containing such manufactured homes, [which] including mobile manufactured home parks, if those conditions and requirements are substantially different from conditions and requirements imposed on (A) single-family dwellings; “

### III. Population & Housing Profile

Before a town can plan for new housing it has to understand its existing housing stock and what its current regulations will allow in the future.

The main source for information is the Census Bureau 2020 American Community Survey data and the Partnership for Strong Communities analysis of the Census data.

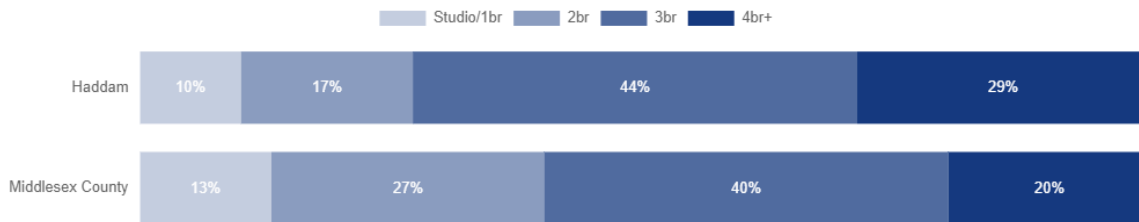
#### Population and Housing Units

The 2020 population was 8,452 residents and there are 3,151 housing units.

**What does this mean?** The average household size is now 2.56 persons per household. This figure has been declining for the last 4 decades. When developing affordable housing options, the town should focus on one- and two-bedroom units.

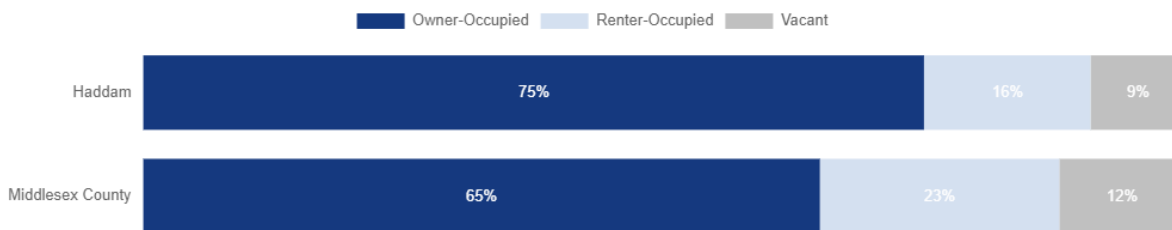
#### Bedroom Count in Housing Units

In Haddam 91% of the housing units are located in single family homes. Of those homes 73% have 3 or more bedrooms, compared to 60% in the county.



### Homeownership

Of the 3,151 homes, 75 % of the homes are owner occupied.



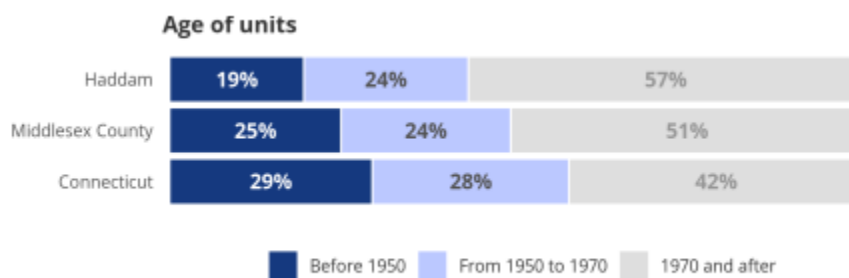
The above chart from the Partnership indicates that 75% (2,363) of the homes in Haddam are owner occupied 16% (504) are rental and 7% (284) units were vacant at the time of the survey.

This ownership rate is significantly higher than the rate in the County (67%) and in Connecticut (60%).

**What does this mean?** Due to land costs, real estate taxes, homeowner’s insurance, maintenance costs etc. three- and four-bedroom single family homes are not the best option for affordable housing and the vast majority of housing units in Haddam are just that.

### Age of Housing Stock

The age of the housing stock can also have a significant impact on affordability.



Of the 3,151 units 599 units are over 70 years old and another 756 units are over 50 years old.

**What does this mean?** These older units could be an important source of affordable / starter homes in Haddam. However, the units may be less desirable and have higher maintenance costs because of their age.

**Gross Rent Paid**

The census also reports on gross rent paid in Town. In Haddam only 13.8 % of the units pay over \$1,500 per month in rent. This is compared to 22.4% in Middlesex County. On first blush this is very favorable for an affordable option but taken with the age of the rental supply it could also be an indication of sub-standard housing.

NOTE: The existence of the 24 subsidized senior rental units at High Meadow could be skewing the gross rent.

**Sales Price**

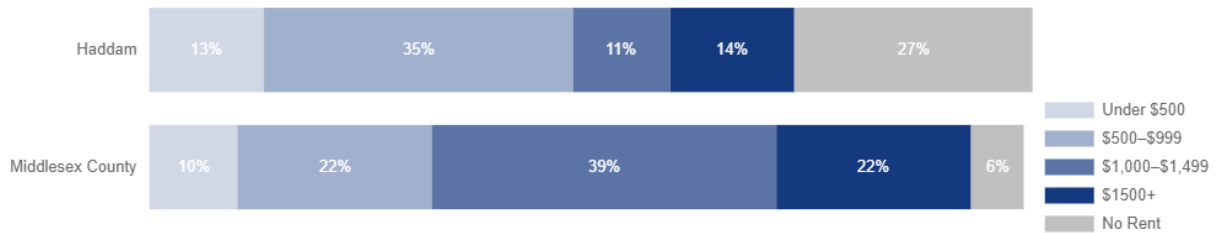
Perhaps the most important data in an Affordable Housing Plan is what are the units in Haddam selling for and what rents are being charged. To determine the actual sales prices the Haddam Assessors Office was consulted. They provided actual single-family home sales from 2019, 2020 and 2021. It is well accepted that this time period (2019-present) was a strong real estate market with consistently rising sales prices.

This data was used to develop the table below:

**Single Family Home sales 2019 – October 1<sup>st</sup>, 2021**

YEAR	TOTAL # OF (SALES <350K)	MEDIAN SALES PRICE
2019 (partial)	44 (31)	\$338,000
2020	141 (81)	\$341,000
1/01/2021 – 10/01/2021	89 (44)	\$379,000
2019 – 10/01/2021	274 (156)	57% under \$350,000

Census.gov provides gross rent information for the Town of Haddam. The actual rents reported as paid are as follows:



**What does this mean?** There appears to be many “naturally occurring affordable housing units” in Haddam. While there are affordable home sales and rental rates in Town they do not qualify under the state definition of affordable housing as found in CGS 8-30g.

**Haddam’s Status under CGS 80-30g**

CGS 8-30g requires that every municipality in Connecticut have at least 10% of its housing dedicated as affordable housing. To be eligible the units must meet the states definition of “affordable housing”. So regardless of the fact that Haddam has 242 units renting for under \$1,000 a month and dozens of single-family homes selling for under \$300,000 they only count if their appreciation is deed restricted for 40 years.

In 2020 the State Department of Housing reported that Haddam had 50 units of affordable housing per the state definition which represented 3.87 % of its total units.

Of the 50 units:

CGS 8-30g HOUSING TYPE	#OF UNITS
Rental Assistance (Section 8)	1
Government Assisted Senior Housing	22
USDA / CHFA mortgage	27

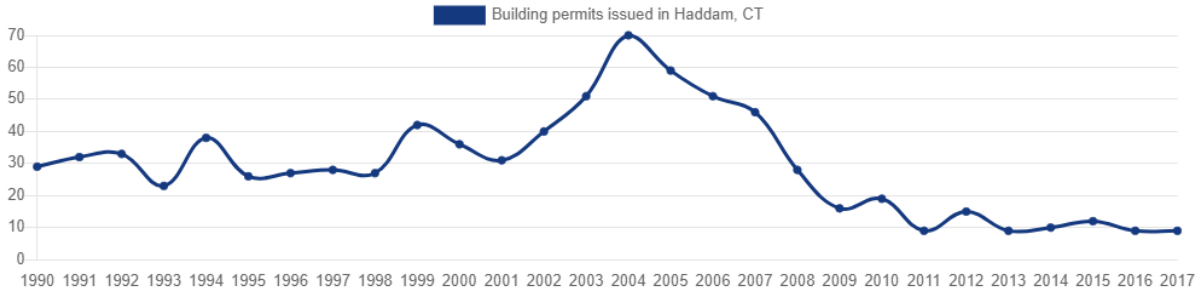
**What does this mean?** In order to reach the states 10% mandate and be exempt from CGS 8-30g the Town needs 301 additional units of state defined affordable housing. The most successful affordable projects are mixed income. A CGS 8-30g development requires that 30% of the units be affordable. This translates to 1003 new units in Haddam with 301 of those units being affordable. Every unit increases the 10% figure. So 1,003 new units means the 10% figure increases by 100 additional required affordable units. Thus, a never ending quest.

**Can this plan realistically establish a 10% affordable housing goal?**

From 2010 to 2020 the population in Haddam increased by only 56 residents. The 2020 population is 8,451 and the CT Data Center projects the population to decline by 2% by 2040.

The number of dwelling units increased by 26 units between 2010 and 2020 (census.gov). But, the number of people per household continued to decline as the population aged and younger residents moved out of town.

The Chart below from the Partnership for Strong Communities displays the number of building permits issued for single family homes between 2010 and 2017.



Source: [Annual Housing Permit Data, DECD](#)  
 Visualization created by [CTData Collaborative](#)

**What does this mean?** The speculative market for single family homes is gone. Homes are built for specific clients. Considering the lack of population growth, the aging population, the projected decline in population, the lack of quality land, the lack of infrastructure and the cost of construction, the trend of 5 to 10 homes per year will continue. Haddam will not see the type of development that could result in an additional 301 units of affordable housing. The 10% goal is not realistic.

#### IV. Cost of Qualifying Affordable Housing.

Now that we understand the current housing situation in Haddam the next logical question is: What is the target population ? Who qualifies for affordable housing in Haddam?

This plan is mandated by the State of Connecticut therefor we need to follow their guidelines. The state defines affordable based on the Area Median Income (AMI). HUDuser.gov places Haddam in the Hartford/West Hartford/East Hartford region and therefore we use that Area Median Income.

The 2022 Hartford/West Hartford/East Hartford AMI is \$112,700.

This translates into the following income limits:

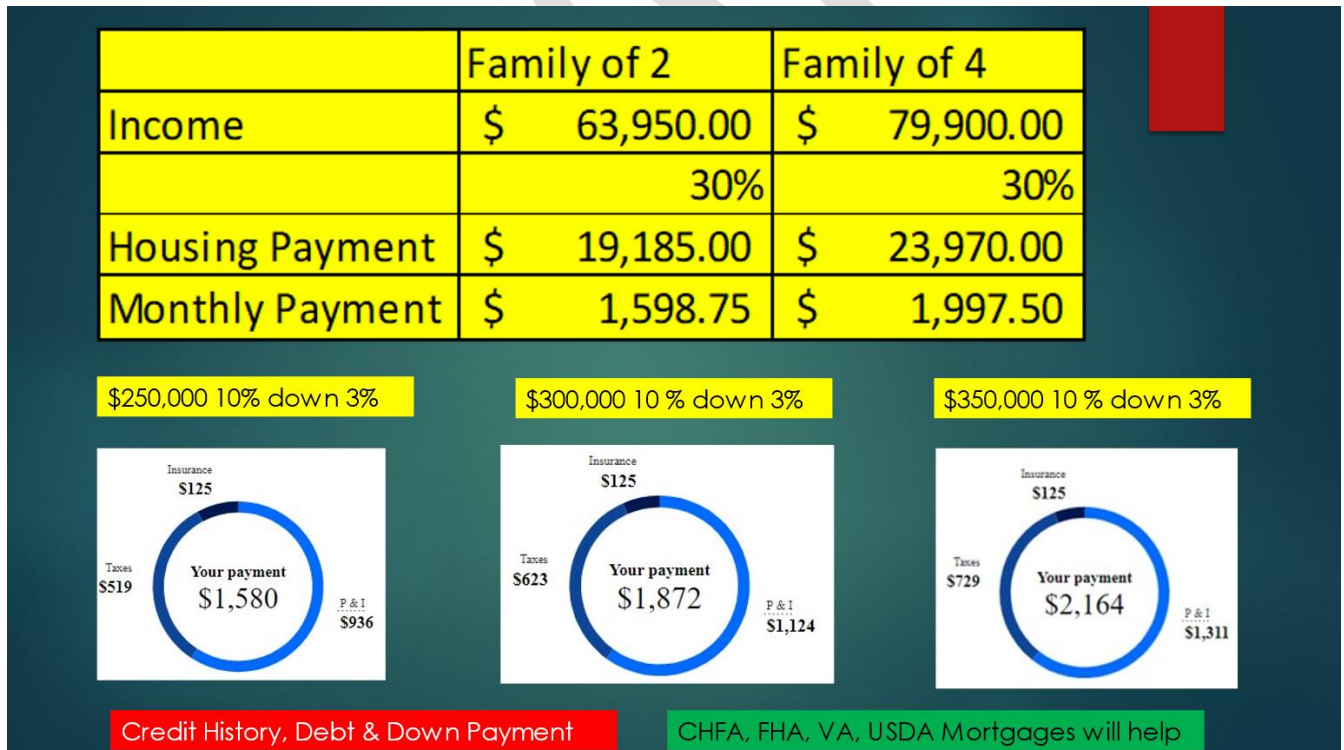
Family Size	80% Income Limit
1	\$62,600

<b>2</b>	<b>\$71,550</b>
<b>3</b>	<b>\$80,500</b>
<b>4</b>	<b>\$89,400</b>

Based on this table the affordable sales price is what a family can afford without spending more than 30% of their gross income on housing costs (mortgage, taxes and insurance)

Family Size	30 % Monthly Housing costs
1	\$1,565
2	\$1,789
3	\$2,012
4	\$2,235

The chart below displays what the mortgage payment would be for homes of \$250,000, \$300,000 and \$350,000. As revealed below a family of 2 can afford a home priced at or below \$250,000 and a family of 4 can afford a home priced at or below \$300,000.





**What does this mean ?** For a town of Haddam’s size, recent history shows there is an ample number of homes on the market each year at or below the “affordable” sales price.

YEAR	SALES @ \$250,000 AND BELOW	SALES @ \$300,000 AND BELOW
2020	33	61
2021	16	31

**The Disconnect** – CGS 8-30g requires sales prices as described above. It also requires that the dwelling be deed restricted for at least 40 years to restrict appreciation and maintain affordability. None of the homes sold in Haddam had such a deed restriction.

**What is the monthly rent that the state would consider “affordable”?**

For rental units, HUD defines the fair market rent for the Hartford/West Hartford/East Hartford region as follows:

FY2023 SAFMRs By Unit Bedrooms				
Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
\$810	\$970	\$1,210	\$1,470	\$1,800

Note: The HUD rents include an allowance for utilities in addition to the published rents, while many actual rents do not include utilities.

Again, Census.gov provides gross rent information for the Town of Haddam. The actual rents reported as paid are as follows:

GROSS RENT	# OF UNITS
\$500 - \$999	114

<b>\$1,000 - \$1,499</b>	32
<b>\$1,500 +</b>	10

**What does this mean ?** For a town of Haddam’s size, recent history shows that the majority of rental units in the community are at or below the “affordable” sales price. However, it is also suspected that there is very little, if any, turnover in the units. This means there are effectively no rental units, let alone affordable rental units, available in Haddam.

## V. Policy and Regulations Review

Each town in Connecticut is allowed to determine the future direction of housing through its policies in the Plan of Conservation and Development (POCD) and its Zoning Regulations.

### Plan of Conservation and Development

Haddam’s POCD was last updated in 2018. This comprehensive update included a chapter entitled “Where we Live”. This chapter included similar information as in this plan and had a cursory discussion of affordable housing.

The POCD also includes Appendix C which is the 2017 Incentive Housing Study. The study was included in the plan to satisfy P.A. 17-170 which is the Public Act that mandates this plan and an update every 5 years.

### Zoning Regulations

The primary purpose of zoning is to determine use and density throughout the town.

It is well accepted that affordability is directly related to density. To a developer the more units they can produce on a given parcel of land translates to cost savings and more profits due to economies of scale, and more revenue from more sales/rentals.

### Single Family Zones

Close to 90 % of Haddam is zoned R-1 or R-2 Residential with minimum lot areas of 1.5 and 2 acres with 150-200 feet of frontage required. These requirements greatly reduce the number of units per acre and increase the cost because each house requires 200 feet of frontage. For the most part the land area is dictated by the soil types and the need for on-site well and septic systems. There are no public utilities in Haddam’s residential zones.

Haddam is unique from other small rural towns in that its residential zones allow single family and two family as a matter of right. This is significant because more two family homes could serve as an important source of rental units in town or the second unit could help make a home more affordable for the owner occupant. With a public health code requiring 150 gallons / day / bedroom some of the larger lots in town with decent soils could certainly support 3 and even 4-unit developments. Public Act 21-29 was a wide sweeping proposal to allow higher density as a matter of right throughout Connecticut. The goal and general consensus of the authors was that increased density would allow more affordable rental units outside of the cities. It discussed “middle housing” which was defined as the 2,3,and 4 unit buildings and mult-family.

### **Accessory Apartments**

Accessory apartments are often considered a way, albeit a small way, to increase affordable units in a community. In the past there has been a steady flow of permits to create accessory units.

Haddam currently allows attached and detached accessory apartments in the residential zones by right. The maximum area is 800 sq.ft. Detached accessory units must be on lots in excess of 2 acres.

Public Act 21-29 also sought to lessen the restriction on the creation of accessory units. The approved act dictates to towns what they can and cannot require regarding accessory apartments. Haddam’s current regulations do not comply with the act and the town should amend their zoning to comply with the act. If the town does not comply by January 2023 the existing accessory regulations become void and the requirements of the statute take effect.

### **Section 16 Mobile Homes**

In Connecticut mobile homes and mobile home parks have historically acted as “rural” affordable housing because of their lower costs. This has resulted in a stigma against them and many towns currently prohibit them. Haddam Zoning currently prohibits mobile homes and mobile home parks.

Public Act 21-29 states very clearly:

*“Zoning regulations adopted pursuant to this section shall not:*

*(3) Impose conditions and requirements on manufactured homes, including mobile manufactured homes, having as their narrowest dimension twenty-two feet or more and built in accordance with federal manufactured home construction and safety standards or on lots containing such manufactured homes, [which] including mobile manufactured home parks, if those conditions and requirements are substantially different from conditions and requirements imposed on (A) single-family dwellings; “*

### **Section 13 Housing for Elderly and/or Handicapped Persons**

Section 13 recognizes that Haddam’s population will become older as the baby boom generation ages and remains in town and younger generations leave for places with more diverse housing options. It is

expected that many of the baby boom generation will look to down size to smaller homes on smaller lots with less maintenance responsibilities and costs.

Section 13 allows “55 and older” housing by special permit in residential zones on lots of 5 or more net acres. The regulation allows 4 bedrooms per net acre. Most “55 and over” units have 2 bedrooms per unit so essentially 2 units per acre. The regulation is unique for a rural town in that it allows up to 6 unit buildings. Attached units could help reduce the cost of the units. These are very low densities.

Understanding that the majority of seniors are on fixed incomes and their incomes are often less than 80% of median income, the Commission may want to consider allowing higher densities in exchange for a percentage of affordable units. This type of development could easily support 8 units per acre if the soils could support it.

### **Opportunities for Multi-family development**

Its well accepted that higher densities allow for smaller units and cost savings during construction. This can result in more affordable home prices and rents.

Haddam Zoning has a few different opportunities for multi-family development.

**Section 26 Mixed uses Within a Zone** - allows for apartments up to 10 units per net acre provided 25% of the gross building area is dedicated to a commercial use by special permit. The requirement for mixed use greatly complicates the use of this provision in small rural town like Haddam because a very weak market for commercial development. Further, mixed use development is very specialized and it is unlikely to occur in Haddam. This zone has never been used.

The **Tylerville Village District Zone** was recently amended to allow for market rate multi-family residential development by special permit. This change was Commission initiated. This section allows a density up to 20 units per acre. Within a year of the amendment two developers were working to develop multi-family apartment complexes in Tylerville. The presence of public water and very favorable soils for leaching fields was also very important. As March 2022 the commission has approved 98 units with another 38 in process.

### **Haddam HOZ zone**

This zone is Haddam’s attempt to allow higher density development in residential zones if the development includes 25% of the units as state defined affordable. But by design it is difficult and risky for a developer to achieve.

This floating zone basically floats over parcels in excess of five acres in residential zones. It can only be applied after a developer submits a fairly detailed conceptual plan and applies for a zone change to “land” the zone. A zone change is a legislative decision and requires a public hearing. The Commission can basically deny for any reason. This is a significant risk for a developer.

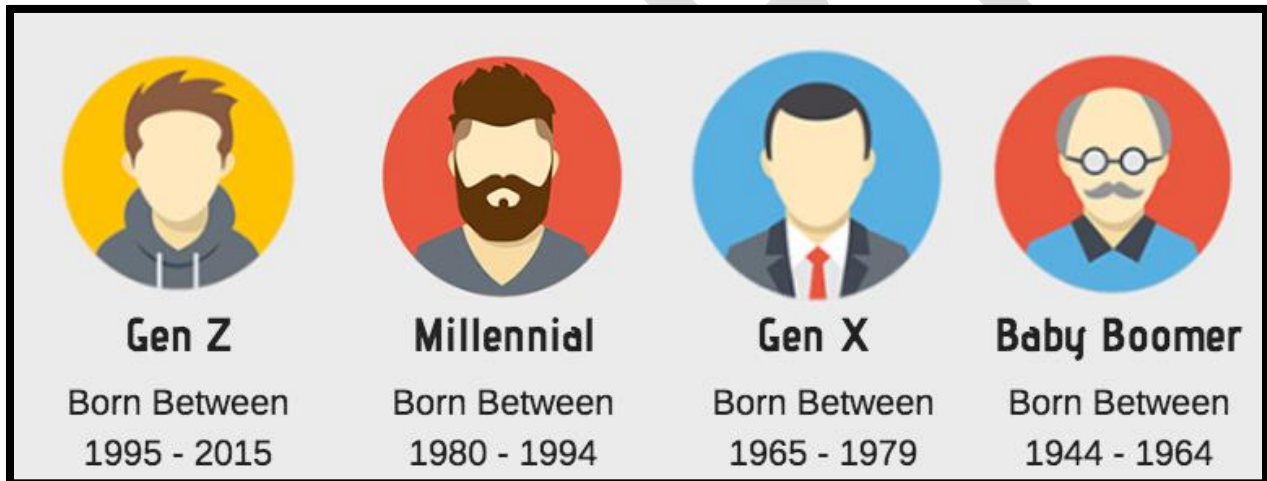
If applied the zone essentially removes the underlying zone restrictions and allows flexibility in density. It allows single family and multifamily development by special permit. The density is 8 units per acre for single family and 12 units per acre for multi-family. These densities may be too low to finance a development with a 25% affordable component.

The Commission could work with this zone to ease the affordable component and allow greater density in exchange for a more straight forward and less risky approval process.

## VI. Identifying the Target Populations

A town of less than 9,000 people can not be expected to satisfy the region's demand for affordable housing. It can, and should, strive to serve those residents in the lower income spectrum that are currently paying in excess of 30% of their gross income for housing costs.

The graphic below displays the various generations that exist. The plan should target those most vulnerable to needing to relocate due to a lack of housing affordability and/or diversity.



[www.Tigerdroppings.com](http://www.Tigerdroppings.com)

The majority of Millennial and Gen X populations are 2 income households with established careers.

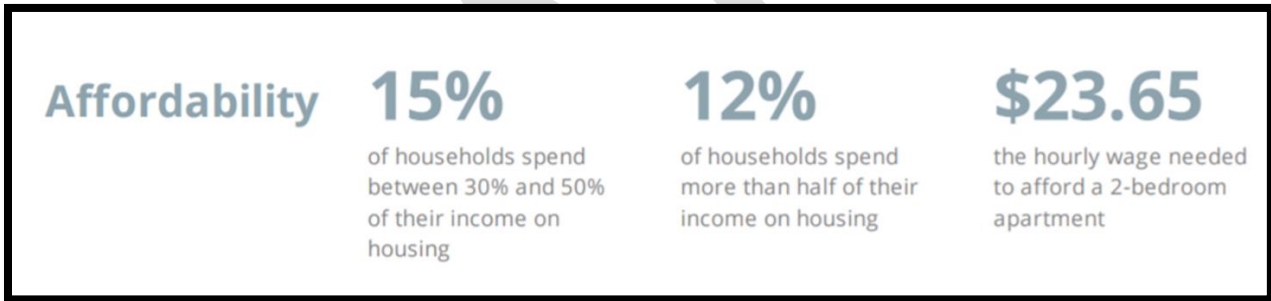
The town understands that there will be increasing numbers of empty nesters/baby boomers living on fixed incomes. They are also looking to downsize from large single-family homes on large lots to more affordable and maintenance free living. They currently have virtually no option to remain in Haddam. If Haddam allows various options the private market will provide for most of these seniors. However, there will be those that may or may not have good equity in their homes

but are living on small pensions or social security and struggle to pay expenses, including local taxes. This plan will target those low to moderate income seniors/baby boomers.

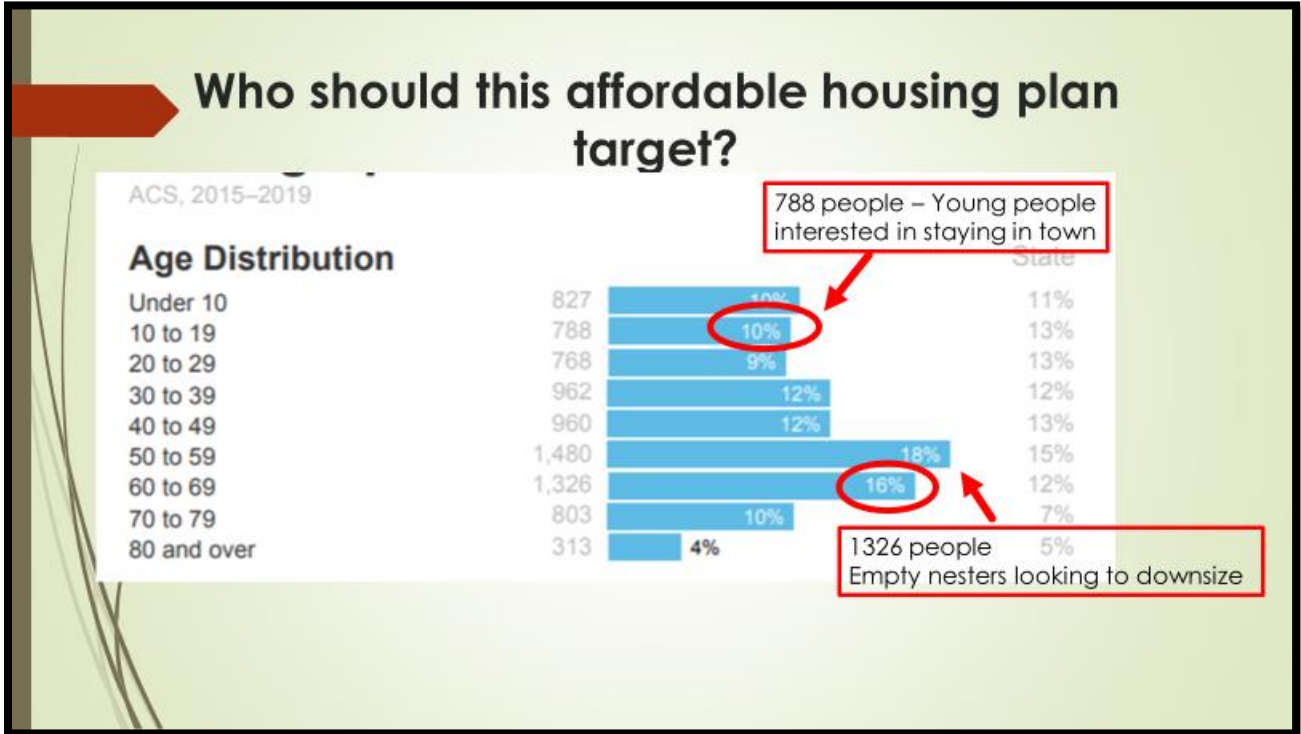
It is also noted that the younger Generation Z individuals finishing school and entering the labor market are leaving Haddam at significant rates. Again, they simply have no attractive affordable alternative to remain in town. These are the individuals that will advance in the labor market and begin moving towards marriage and creating families. These are the people that will be the buyers of the homes the empty nesters will be leaving. Creating a pool of future single-family home buyers that love the town and want to stay will be critical. This plan will target those in the Gen Z population who qualify for affordable housing.

## VII. A Realistic Affordable Housing Goal

The Partnership for Strong Communities determined that 27% of residents in Haddam have a “housing cost burden” of over 30 %. Currently 18% of residents pay between 30% and 50% for housing and 12% pay over 50% for their housing as displayed below. These are the people that are truly struggling to pay the bills and are forced to make difficult choices every month.



In determining the potential need, this plan will focus on the 10-19 year old and the 50-69 year old age cohorts. These are the groups that most likely would have to look outside of Haddam for smaller, affordable units. These groups would benefit the most from the implementation of this plan over the next 10 years.



As indicated above there are 788 residents in the 10 to 19 year old age cohort and 1,326 in the 60-69 year old age cohort. It is reasonable to assume that the majority of the 60-69 year old age cohort are in households with more than one person. The average household size is 2.6 persons per household. Dividing 1,326 by 2.6 results in 510 households.

As discussed earlier the Partnership for Strong Communities report that 15% of Haddam’s population has a housing burden of 30%-50% housing costs and 12% are paying housing costs in excess of 50%.

Applying these percentages results in a potential need of 155 units for those in the over 50% housing cost burden category and 195 units for those in the 30%-50% housing cost burden and a total potential need of 350 affordable units.

There are currently 50 affordable housing units in Haddam. Based on the above assumptions, there is a potential need for 300 additional affordable housing units.

CT 8-30g requires 10% of the units in every municipality to be affordable. This translates to 351 units in Haddam. To be exempt from CGS 8-30g the Town needs 301 additional affordable housing units.

<b>Existing Affordable Units</b>	<b>50 units</b>
<b>Units required under CGS 8-30g</b>	<b>351 units (82 unit deficit)</b>

**Need for new Affordable Units**

**301 units**

**Is there a market that could support the construction of 301 new affordable units in Haddam?**

CGS 8-30g developments require that 30% of the units be designated affordable. To achieve the 301 additional units as required under 8-30g there would need to be housing developments with 1,000 new units of which 700 would be market rate and 300 units would be affordable.

Haddam’s population only grew by 56 persons from 2010-2020. Going forward the state projects population declines in Haddam. Since the financial crisis beginning in late 2009 the speculative housing market in Haddam has been non-existent. Below is a table which displays the number of housing starts per year since 2009. Additionally, the Plan of Conservation and Development highlights the lack of available and suitable land for future development.

Market Rate Units
2009 – 16
2010 -19
2011 – 9
2012 – 15
2013 – 9
2014 – 10
2015 -12
2016 – 9
2017 – 9
2018 – 7
2019 – 7
2020 -11
2021 – 69 *
(*MF development)

Short of the government providing massive subsidy for affordable housing developments in Haddam and finding land that could support large scale development that satisfied CT Department of Health requirements for on-site well and septic the town will be dependent on the private sector providing some affordable units. With the past and current market conditions supporting between 10-15 units per year there is no way Haddam will reach 301 additional affordable units.

**So what is a realistic goal for this Affordable Housing Plan?**

The Statute that mandates this plan (CGS 8-30j) simply says:



*“Such plan shall specify how the municipality intends to increase the number of affordable housing developments in the municipality.”*

It is understood that there is a need within this community for additional affordable housing units to provide for approximately 300 households in Haddam with low to moderate incomes.

It is also understood that the market for speculative single family housing is non-existent and due to the lack of public water and sewer achieving sufficient density for multi-family development is very difficult.

The goal should be a market-based goal that understands the limitations of the market and the land.

Between 2009 and 2021 there were 146 single family homes built in Haddam. Assuming there will be 150 new housing units constructed in Haddam in the next 10 years it is not unreasonable to assume that a certain percentage of these new homes can be affordable. The affordable units could also include existing units which are established as “state qualified” affordable housing.

CGS 8-30g requires 10% of all units to be affordable and 30% of all units in housing developments to be affordable. It is reasonable to use these percentages to establish Town’s goal based on the market. The table below shows the calculations used to establish the goal.

- 2009 – 2021 – 146 new single family homes
- Average 11 new single family homes per year

CGS 8-30g - 10 % of all units in town should be affordable  
CGS 8-30g projects require 30% of units to be affordable

10% - 1.5 new affordable units per year.  
30% - 4 new affordable units per year

**Goal – create between 15-40 affordable units in the next 10 years. (2023-2033)**

### **Haddam’s Affordable Housing Goal**

- Haddam will create between 15 and 40 affordable units in next 10 years. These units will be designed and targeted to the needs of Haddam’s empty nesters interested in downsizing and Haddam’s Gen Z population interested in remaining in town after graduating from school.

## VIII. Locations for New Affordable Housing Development

In 2017 the Town prepared an Incentive Housing Zone Study. That report consulted with the Town staff with extensive experience in Haddam. The report identified 12 properties and analyzed the ownership, the wetlands and the soils of the parcels. After discussions with the Planning and Zoning Commission and with the Town Planner, Wetlands Agent and Sanitarian it was determined that three (3) parcels were suitable for further investigation for higher density residential development, with an affordable component.


The parcels were as follows:

**48 Killingworth Rd.**



Property: 9.1 acres  
Current Zoning: R-1  
Buildable Area: 4.6 acres  
Development Concept A: 26 Townhome style units

Considerations: Would require DEEP permit for community septic; does not achieve required density for buildable area per IHZ program; difficult to site sufficient septic and well areas, parking and circulation and units.



Development Concept B: 28 – 50 Units (dependent upon unit configuration of buildings)  
Parking: 72 spaces shown

Considerations: Would require DEEP permit for community septic; could achieve required density for buildable area per IHZ program if all one bedroom units; difficult to site sufficient septic and well areas, parking and circulation and units.

2022 Update - The upper parcel was acquired by a High Street neighbor to prevent development which eliminates the parcels potential.

*300/305 Saybrook Rd.*



Property: 5.2 acres  
Buildable Area: 4 acres  
Current Zoning: Higganum Village  
Development Concept: 80 residential units, 20,000 sq ft commercial  
Parking: 200 spaces  
Considerations: Insufficient room for well and septic areas; Sewer and water service required to achieve this development

2022 Update – the soil contamination on this property makes its use as residential very challenging from a remediation, financing and marketing perspective.

*323 Saybrook Rd.*



Property: 1.5 acres  
Buildable Area: 1 acre  
Current Zoning: Higganum Village  
Development Concept: One mixed-use building (2,700 sq ft commercial with 3 residential units above), 9-19 total residential units, depending on the building configuration  
Parking: 28 spaces  
Considerations: Due to the stream along western property line, septic and well locations may deduct further from the buildable area

2022 Update – 1 acre of buildable area extremely small to accommodate necessary well and septic. Would require removal of existing buildings and tenants. Not realistic.

The study ultimately concluded that the sites could not support the density required in the Incentive Housing Zone program. The full Incentive Housing Zone Study is available in the Town Office Building.

In 2021, the Town applied for an Affordable Housing Grant through the State Department of Housing to prepare this report. This funding allowed the Town to retain an engineering/landscape architecture firm to develop more detailed conceptual plans.

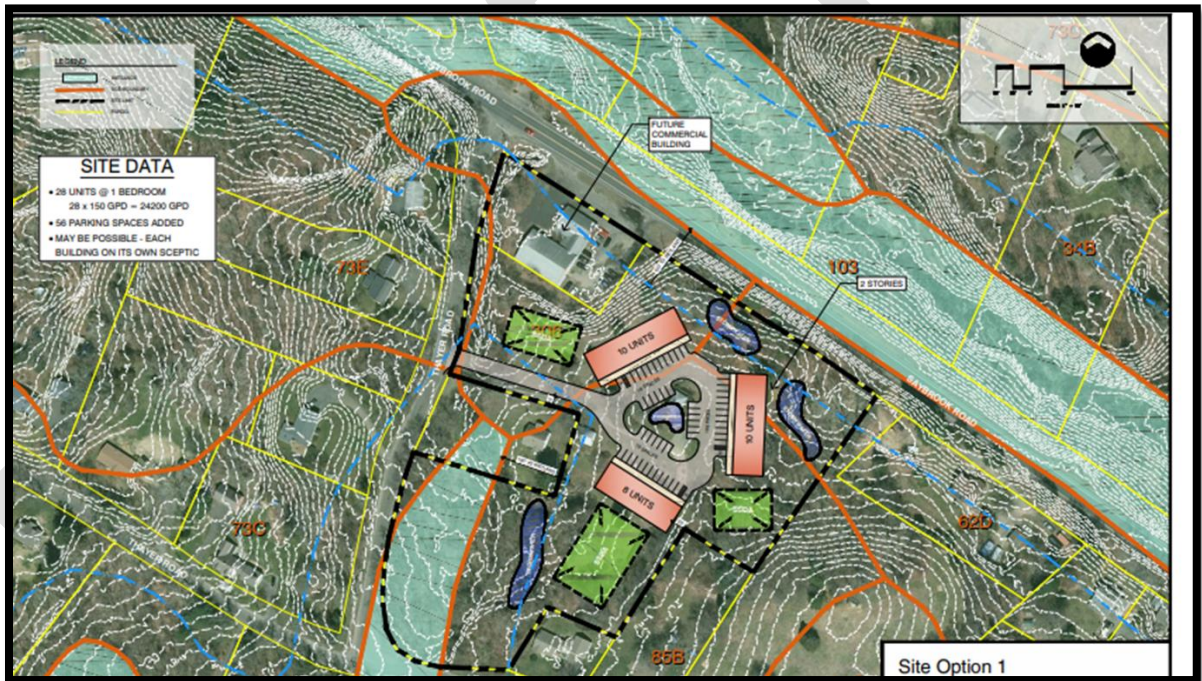
The State Health Regulations have been modified to allow up to 7,500 gallon per day per property. However, residential structures must have their own system. One structure can include multiple units. Additionally, the town is designing a community septic system to service Higganum Center.

It is good for this plan to identify parcels as potential sites suitable for higher density residential development, with an affordable component. These possibilities will be particularly useful if a developer is searching for a project and/or the town/state determine it advisable to incentivize the development of new affordable housing in rural areas with acquisition funds, pre-development and development funds, rent credits and/or favorable tax treatments.

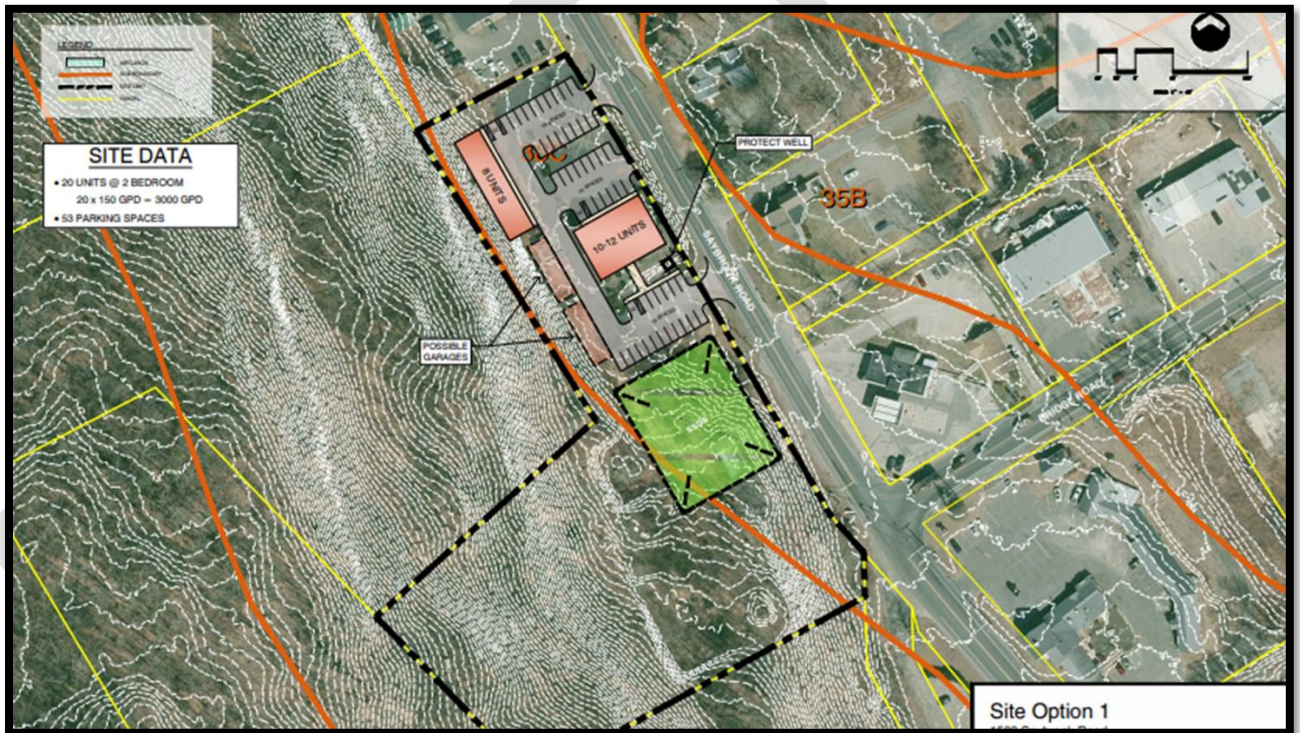
The Town Planner prepared a list of parcels to evaluate. This evaluation will consider new information such as the availability of public water in Tylerville, the development of a community septic system in Higganum Center and recent environmental investigations, surveys and soil tests.

Potential locations for Affordable Housing developments:

125 Saybrook Road / 11 Thayer Road



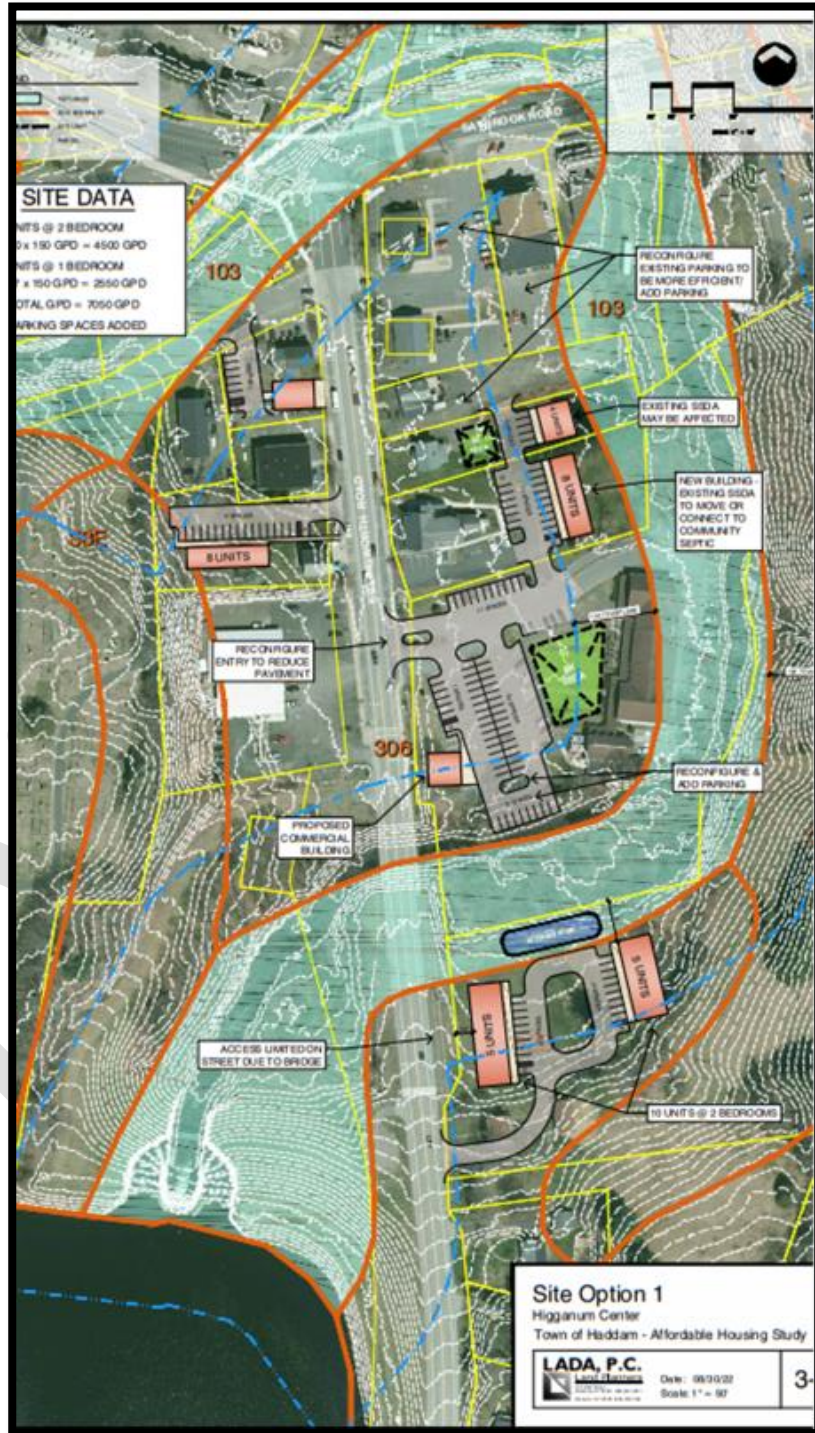
1583 Saybrook Smith property former Merchant House



Rummel – 1129 Saybrook Road Lots 18, 18-1, 18-2

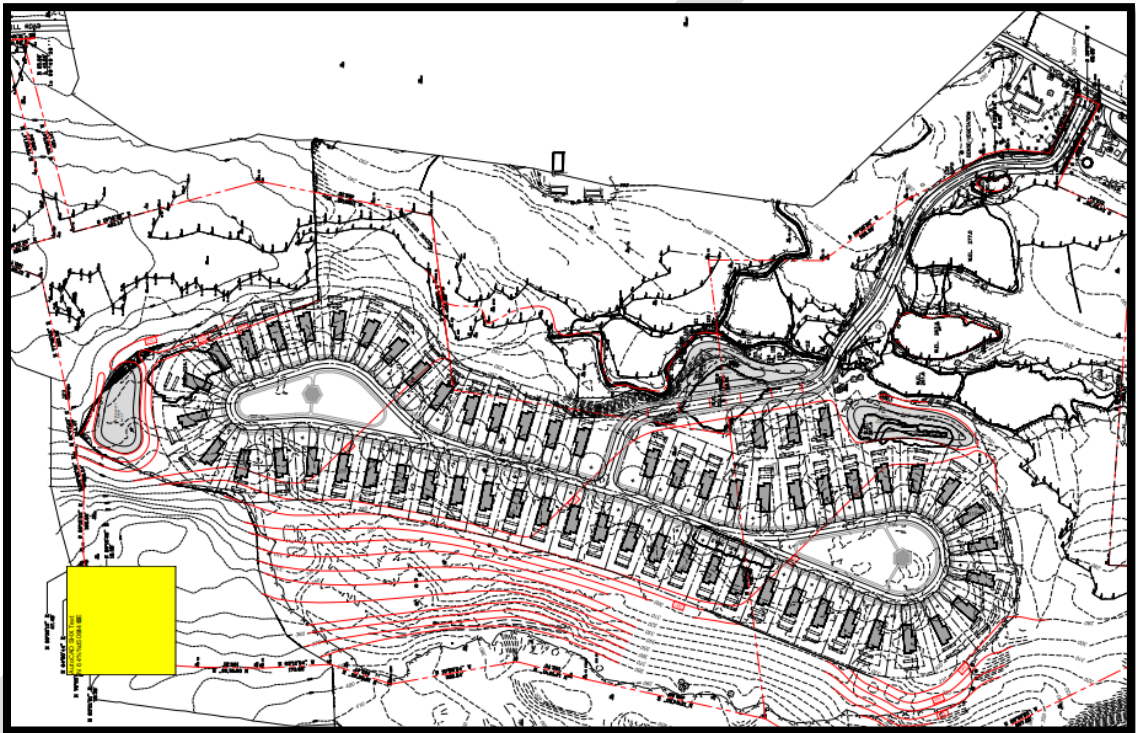


In fill RT 81 Higganum Center

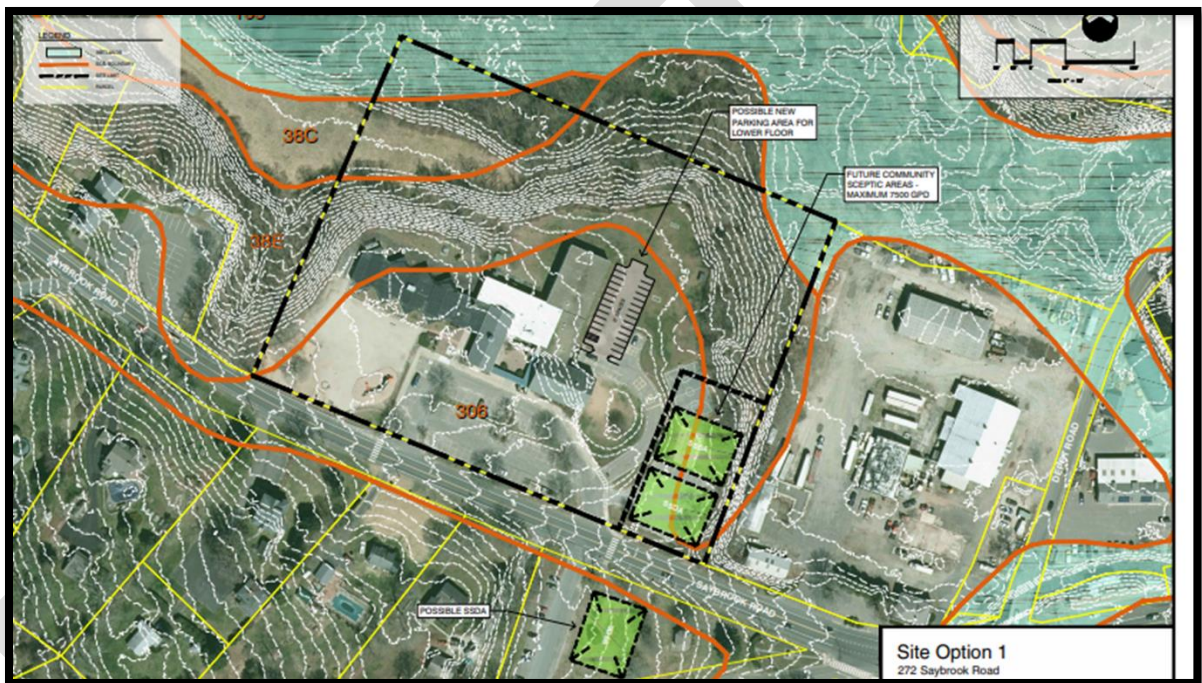




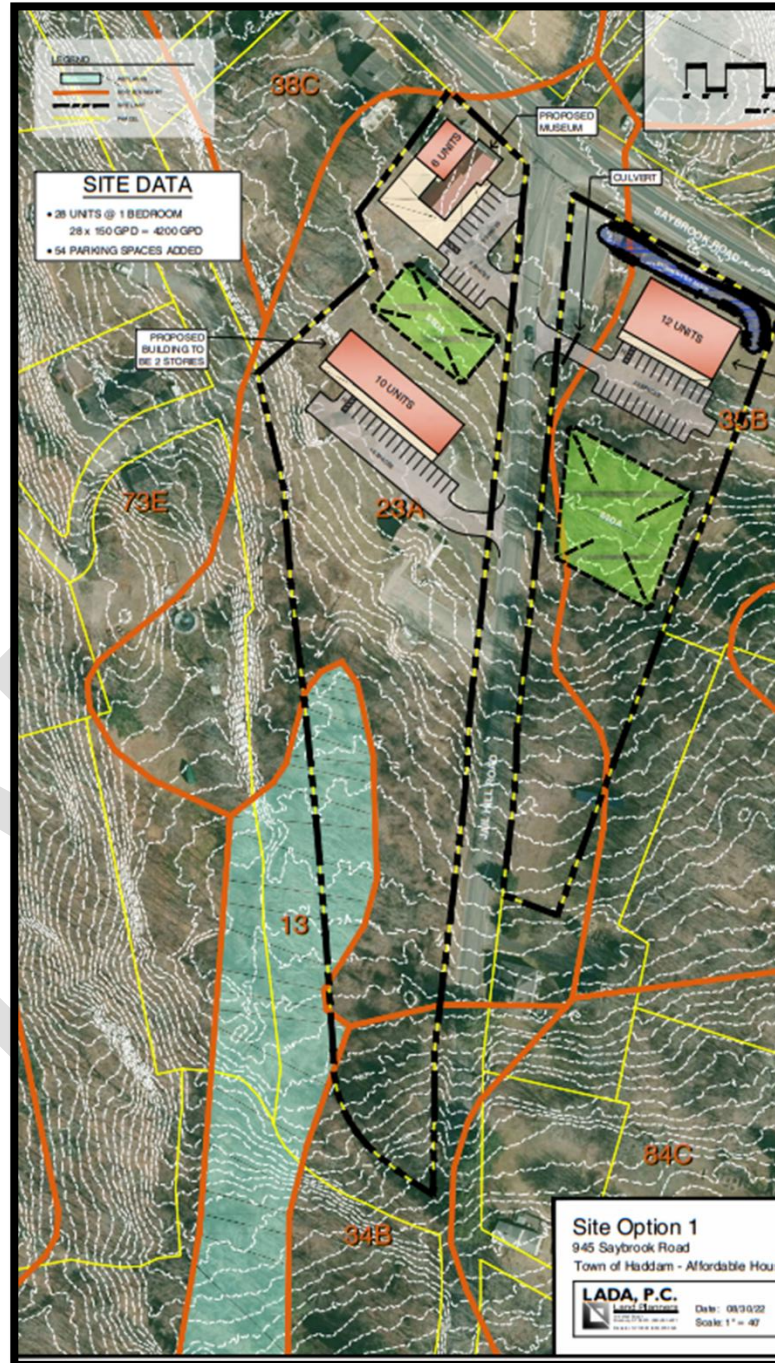
61 Cedar Lake Road – WFS earth Materials



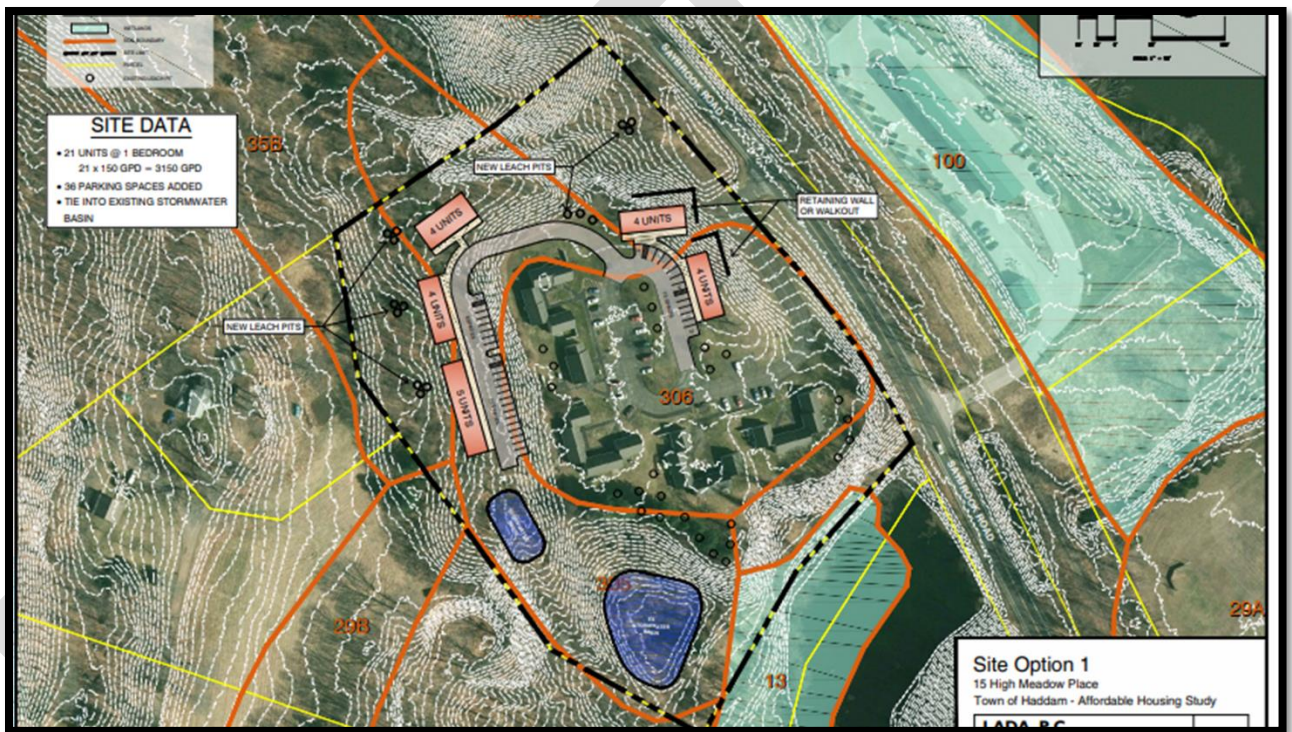
Former Haddam Elementary School 272 Saybrook Road



Former Middlesex County Jail 945 Saybrook Road



Expand High Meadow 15 High Meadow Place



## IX. Economics and Financial Feasibility

Ultimately, housing production depends on supply and demand. This study has clearly documented that there are approximately 300 households that are currently paying over 30% of their gross income for housing and would benefit greatly from more affordable housing. The demand for affordable housing exists.

The ability of the market to supply new housing is a much more complex issue. The private sector operates with a profit motive. If sufficient profit is achievable housing will be developed to satisfy the demand.

When developing housing there are expenses and revenues. Expenses include land costs, survey, engineering, architectural and landscape design, soil testing, traffic and wetland studies and legal fees. All of these costs occur before the developer can even apply for local approval to build. For larger projects these pre-permitting costs can reach into the hundreds of thousands of dollars. This is a tremendous amount of risk for any developer.

Once an application for approval is submitted the permit fees and the hourly fees of attorneys, planners, architects, landscape architects, civil engineers and traffic engineers start to accrue. Multiple meetings, site walks, lengthy public hearings and continued hearings all represent tens of thousands of dollars. This all takes time and time is money as the market and financing costs change.

An appeal of a Planning and Zoning decision, even a frivolous and baseless appeal by a neighbor, and the year and half delay can kill all but the most viable projects.

### LOCAL APPROVAL PROCESS

Any discussion of economics and financial feasibility would be incomplete if it didn't address the local approval process. The majority of small towns in CT never planned or zoned for higher density multi-family development. The required approval process and the risk of being denied or a decision being appealed is often enough to make a developer look elsewhere. In Haddam, multi-family development will require a zone change and / or special permits. Both are costly approvals and require public hearings with public notice. The developer is essentially asking the Commission to disregard the opinion of its constituent's and vote for the often "out of town" developers project. Not an easy task in a small town.

It is often recommended that the Commission proactively rezone parcels suitable for affordable housing prior to any development proposal and make the use "as of right" site plan approval to make the requirements very clear and avoid the public hearing process.

Once approved locally, the project needs to secure approvals from State Health for well and septic approval and often an encroachment permit from the State DOT. For larger projects, approval from the State Traffic Commission and for septic systems with over 7,500 gallons per day approval by CT DEEP. The CTDEEP approval can take well over a year and additional study. All of these steps include significant permit fees and engineering costs. The State Traffic Commission often requires very expensive improvements to the road network, like intersection reconstruction or a traffic light.

Once fully approved there is the cost of financing, closing costs, building permit fees (which alone can represent over \$1,500 per unit) site development costs including building materials, labor and taxes (often resulting in requests for tax abatements).

All of these costs and the time it will take are taken into consideration and compared against what the developer expects to receive in rent and or sales from completed units. As evidenced recently, uncontrollable inflation in the cost of materials, energy costs, labor shortages and rising interest rates can all prevent projects from going forward.

But, if the development pro forma shows an acceptable rate of return and the risks are acceptable – the project goes forward.

Factoring in a requirement for 30% of the units to be affordable has a chilling impact on the budget. In affordable developments the market rate units must subsidize the loss in revenue (lower sales price, lower rents) from the affordable units.

There are government funding sources to bridge the gap in financing in exchange for affordable units. But, these are complicated programs with lots of bureaucracy and red tape. Also, because of the reputation of “public housing” they are also a lightning rod attracting public opposition.

## **X. Implementation: A Path Forward**

The adage “Towns do lots of plans that sit of shelves and gather dust” is often very true. In local government implementation is the most difficult aspect of planning. It is a lot of work particularly when dealing with such a difficult topic.

Buy in is essential. Elected officials, boards and commissions and the general public need to understand the need for affordable housing and the goals of this plan.

This section is designed to create a step by step frame work that will begin discussions on the need and process to move towards more affordable housing.

**A. Organization and Awareness**

1. This plan should be presented to the Board of Selectman and Board of Finance;
2. There should be an Affordable Housing Workshop to present the plan to residents and then a formal public hearing to listen to public comment;
3. Plans are often shelved because there is no champion. It is recommended that the Economic Development Committee (EDC) serve as the Committee charged with the goal of keeping the implementation of this plan in the forefront. Housing is certainly tied directly to economic development, particularly in the centers of town.
4. Assign a permanent staff member, with true interest in the subject, to the EDC for implementation.
5. This Committee and staff will use social media and print media to highlight the need and identify and work with residents in need of affordable housing or interested in renovations to age in place or create affordable accessory units;
6. Perhaps one of the biggest issues to buying a house is a lack of knowledge of the existing programs. The Committee and staff person would work with realtors to promote the CHFA and USDA mortgage and down payment assistance programs. Homes bought with these programs count as state defined "affordable" housing.
7. After the plan has been approved and during the 2023-24 budget cycle the Town should establish and fund an Affordable Housing Trust Fund. Section 7-148(c)(2)(K) of the General Statutes Municipal Powers allows the creation of Housing Trust Funds.
8. All towns in CT are in a unique position in that they have "found money" in the form of COVID relief funds. It is recommended that a housing trust fund be established with an initial deposit from COVID relief funds. Subsequent deposits could come from annual budget allocations or end of year transfers of surplus fund.
9. Apply for CDBG Small Cities funding for matching money to supplement the Housing Trust Fund for housing rehabilitation and modifications for low- and moderate-income owners and tenants.
10. Considering Haddam's demographics and that the majority of residents will be seniors, helping seniors comfortably "Age in Place" will be a huge issue to avoid social isolation. A safe and affordable home is critical but also to assist seniors with aging in place it is critical that the town provide support programs to maintain quality of life. These include a Senior Center of adequate size and programming for all types of seniors, meals on wheels, dial a ride, visiting nurse program and handyman services for small jobs within their homes.
11. To help further affordable housing consider tax abatement programs as allowed under the Connecticut General Statutes. Specifically, CGS Section 8-125, Section 12-65b, Section 12-81bb, Section 12-129n.

**B. Modifying Existing Housing Stock**

1. A recent AARP survey found that 80% of seniors would like to remain in their home and age in place. Consider direct grant (Housing Trust Fund and CDBG small cities eligible) to encourage low to moderate income qualified seniors to modify their homes to allow aging in place (single floor living, bathroom modification, ramps) and/or to create “affordable” accessory units for extra income a relative or a caregiver;
2. Create a program which creates “affordable” accessory dwellings by creating a direct grant (Housing Trust Fund and CDBG small cities eligible) or tax abatement. To ease the process, have available maximum rental rates and a model 10-year deed restriction acceptable to State DOH to qualify for “affordable” unit and an annual reporting process.
3. Expand Senior Housing – There are currently 22 units at High Meadow Senior Housing. Management reports that there is currently a waiting list with 94 applicants and it could be 2 to 3 years before a unit becomes available. This is the longest waiting list since the project was built close to 40-years ago. It is anticipated that the lack of senior housing units will get worse over time. This is exactly at the time when more and more seniors are realizing they need more affordable housing and do not want to leave their hometowns. The town should work with management at High Meadow Senior Housing to evaluate the feasibility of an expansion. There are state and federal funds to assist with such expansions.
4. Make sure seniors in need are aware of CGS8-1bb Temporary Health Care Structures.

*“A temporary health care structure meaning a transportable residential structure shall be allowed as an accessory use in any single-family residential zoning district on a lot zoned for single-family detached dwellings that is owned by a caregiver or mentally or physically impaired person and used as his or her residence. “*

### **C. Planning and Zoning Commission**

Planning and Zoning Commission controls use and density throughout town. Planning and Zoning Commission needs to:

1. Adopt the Affordable Housing Plan as an addendum to its POCD.
2. Amend regulations to comply with P.A. 21-29 regarding accessory units. Most significantly allow as of right units up to 1,000 sq.ft and remove the acreage requirement for detached units.
3. Amend R-2 residential zone to allow as of right 3-4-unit structures on larger lots, including design guidelines to protect rural, single family residential character. This will increase the supply and diversity of the housing stock with smaller more affordable units.
4. Eliminate mobile homes and mobile home parks, meeting the definition in state statute, as a prohibited use.



5. The Commission should amend the Housing Opportunity Zone (HOZ) zone to ease the affordable component and allow greater density in exchange for a more straight forward and less risky approval process.
6. Proactively rezone the parcels discussed in Section VIII of this plan to HOZ. This zone is an overlay zone technique which preserves the existing zoning but allows the HOZ developments as of right.
7. Planning and Zoning has approved 124 units of multi-family housing in the Tylerville section of town. These units are not deed restricted affordable. The annual taxes will be in excess of \$300,000. The Town should consider offering tax abatements in exchange for the creation of affordable units available to local residents.
8. The new apartments represent a significant source of new revenue to the town. The town should consider establishing a tax increment financing district. This would use the increase (new) in tax revenue to fund the Housing Trust Fund and other enhancements in the Tylerville and Higganum Center Village Districts.
9. The town is the owner of the former Haddam Elementary School. The school is approximately 30,000 sq.ft. The “old” section of the school should be converted to a modern senior/community center and the auditorium should be retained for town meetings and events. The “new” section of the school, built in 1989 should be evaluated for conversion to affordable senior housing. The property contains excellent soils and can support a fairly intensive use of the property. It would also serve as a cooling center in the summer and emergency shelter when needed. Also, moving the Social Services and their offerings to HES would free up the entire Jail Hill property discussed in Section VIII for alternate uses.