

Affordable Housing Plan

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Introduction

What is Affordable Housing?

Generally, housing is considered *affordable housing* if its occupants are lower-income households who pay no more than 30% of their income toward housing costs, including mortgage, rent, property tax, and utilities. *Affordable housing* created or maintained under government subsidies or programs is usually intended for occupancy by households earning no more than 80% of median income, which funding programs often measure at the regional or state level. HUD’s calculations for the Norwich-New London area define a family of four earning up to \$78,500 per year as low-income under HUD’s 80% Area Median Income (AMI) calculations.ⁱ Households in the 50% to 80% AMI income bracket include people working in maintenance, carpenters, teachers, and office staff.ⁱⁱ The 30% to 50% AMI income bracket includes people working in retail, as home health care aides, and in warehousing. The 30% AMI and under bracket includes cashiers, wait staff, and childcare workers, as well as senior citizens and the unemployed. Housing programs usually require that occupants pay 30% of their income towards their housing, with other funding sources covering the remaining operating costs.

HUD Metro Area	Median Family Income	Income Category	Persons in Family			
			1	2	3	4
Colchester-Lebanon Metro	\$115,000	Low Income (80%)	\$54,950	\$62,800	\$70,650	\$78,500
		<i>Equiv. Monthly Housing Budget</i>	\$1,374	\$1,570	\$1,766	\$1,963
		Very Low Income (50%)	\$40,250	\$46,000	\$51,750	\$57,500
		<i>Equiv. Monthly Housing Budget</i>	\$1,006	\$1,150	\$1,294	\$1,438
		Extremely Low Income (30%)	\$24,150	\$27,600	\$31,050	\$34,500
		<i>Equiv. Monthly Housing Budget</i>	\$604	\$690	\$776	\$863
Norwich-New London Metro	\$91,800	Low Income (80%)	\$54,950	\$62,800	\$70,650	\$78,500
		<i>Equiv. Monthly Housing Budget</i>	\$1,374	\$1,570	\$1,766	\$1,963
		Very Low Income (50%)	\$35,950	\$41,050	\$46,200	\$51,300
		<i>Equiv. Monthly Housing Budget</i>	\$899	\$1,026	\$1,155	\$1,283
		Extremely Low Income (30%)	\$21,600	\$24,650	\$27,750	\$30,800
		<i>Equiv. Monthly Housing Budget</i>	\$540	\$616	\$694	\$770

Colchester-Lebanon Metro consists of Colchester and Lebanon. Norwich-New London Metro, provided for reference, consists of Bozrah, East Lyme, Franklin, Griswold, Groton, Ledyard, Lisbon, Lyme, Montville, New London, North Stonington, Norwich, Old Lyme, Preston, Salem, Sprague, Stonington, Voluntown, and Waterford.

Affordable housing is created either with the support of government subsidies assisting in the cost of its construction and long-term affordability provisions, or in the case of some mixed-income set-aside developments, through profits earned through the development of market-rate units supporting the construction cost and long-term affordability provisions of the affordable housing units. Recent public investments in affordable housing in southeastern Connecticut include Stonington’s Spruce Meadows (new mixed-income apartments), Waterford’s Victoria Gardens (mixed-income elderly apartments), and Groton’s Branford Manor (capital improvements to existing 100% affordable apartments).ⁱⁱⁱ Common sources of funding include the Federal Government’s Low Income Housing Tax Credit Program and the

State of Connecticut’s Competitive Assistance for Multifamily Properties (CHAMP) program. Different funding programs can target different types of housing or affordability for households at different income levels. Most affordable housing developments that depend on government subsidies receive funding from multiple State of Connecticut or federal programs.

Why Plan For Affordable Housing?

Under Connecticut law, municipalities are delegated the authority to regulate land use development according to laws set forth in Title 8 of the Connecticut General Statutes. Local zoning regulations establish rules for the location and type of housing that can be constructed in Connecticut. State statutes specify the conditions under which municipalities may adopt local land use plans and regulations. CGS § 8-23 establishes a requirement for municipalities to adopt local Plans of Conservation and Development, which document policies and goals for the physical and economic development of a municipality. CGS § 8-2 outlines the authority municipalities are granted to adopt local zoning regulations. Both CGS § 8-23 (planning) and § 8-2 (zoning) direct municipalities to consider the need for affordable housing, both locally and at the regional level, and to adopt zoning that encourages the development of multifamily dwellings and housing at different price points. CGS § 8-30j, added in 2017, established an additional obligation for municipalities to adopt Affordable Housing Plans that will specify how the municipality will increase the number of local “affordable housing developments”.

§ 8-30j(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.”

The § 8-30j requirement for Affordable Housing Plans was passed by Connecticut’s General Assembly in recognition of increasing challenges for Connecticut residents in finding adequate affordable housing, especially outside of Connecticut’s most urban communities. The share of Connecticut renters who pay more than 30% of their income towards housing rose from 37% in 2000 to 46% in 2019. Homeowners with mortgages also saw their budgets stretched, with 20% of homeowners housing cost-burdened in 2000 and 31% in 2019. **In Southeastern Connecticut, one in four households earns less than 80% of the area median income and is housing cost-burdened.**

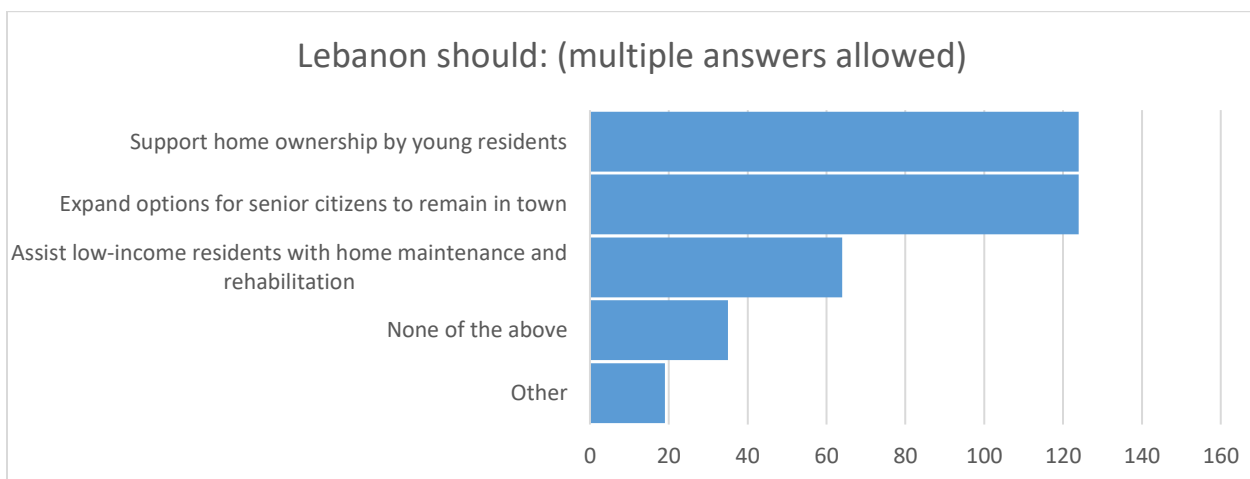
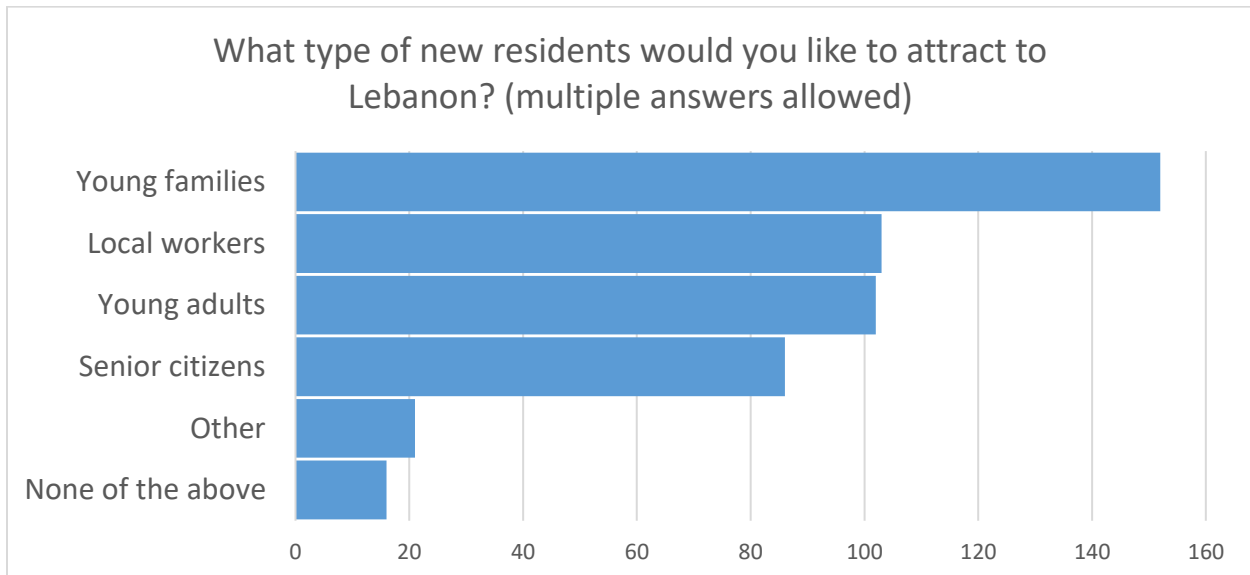
The 8-30j Affordable Housing Plan statute references the definition of *affordable housing developments* included in CGS § 8-30g, which defines them as *assisted housing* that receives government subsidies to provide affordable housing for low and moderate households, or a *set-aside development* where deed restrictions ensure that at least 30% of the housing units are occupied by low-income households at affordable rates for at least 40 years. This definition of housing would include any deed-restricted affordable housing created as part of a mixed-income development, as well as affordable housing built or preserved with the support of state or federal programs.

The Affordable Housing Plan is an opportunity for municipalities to more closely examine housing needs and review how existing housing inventories and land use policies do or do not address those needs. The planning process also prompts a review of potential actions that municipalities may take that would enable or promote the development of housing that is affordable and accessible to lower-income residents. In 2020, the Connecticut Department of Housing worked with the Regional Plan Association to

develop guidance on how municipalities might approach the development of Affordable Housing Plans (https://portal.ct.gov/-/media/DOH/AHPP-Guidebook_RPA_120120.pdf) and provided small grants to support municipal work to prepare plans. The initial deadline for compliance with the requirement for an Affordable Housing Plan statute is June 2022, five years from the statute’s effective date.

Plan Development Process

In February of 2021, the PZC released an online survey to gauge interest and feedback from Lebanon residents and received 216 responses. When asked broadly whether they supported or opposed affordable housing in Lebanon, 35% said that they somewhat or strongly supported affordable housing, while 58% were somewhat or strongly opposed (6% neither supported nor opposed and 1% skipped the question). However, when residents were asked about young families or senior citizens, there was broad support for supporting first-time homeownership or expanding options for senior citizens to remain in town. When asked about specific types of housing developments, there was broad preference for single family housing (48%), some preference for townhouses (20%) or in-law apartments/accessory dwelling units (20%), while 9% preferred apartments (residents could select multiple options).



Housing Conditions in Lebanon and Southeastern Connecticut

Affordability

A 2018 review of housing conditions in southeastern Connecticut prepared by the Southeastern Connecticut Council of Governments (SCCOG) in partnership with the Southeastern Connecticut Housing Alliance (SECHA) showed that demand is most acute in southeastern Connecticut for lower-cost housing and rental housing. The portion of southeastern Connecticut households that can afford the housing they live in has dramatically decreased in the last twenty years. Since 2000, the share of renters who cannot afford their housing, and are therefore housing-cost-burdened, increased from 31% to 46%. As previously mentioned, as of 2018, 29,000 households in southeastern Connecticut earned less than 80% of the area's median income and were housing cost-burdened, or one in four households.

The rise in housing challenges is linked to a growing mismatch between incomes and housing costs. Adjusted for inflation, income growth in the region has been stagnant, growing less than 1% between 2000 and 2019, while for-sale housing prices and rents have increased 23% and 19%, respectively.

SCCOG's projections of future housing needs estimate that based on the expected demographics of future southeastern Connecticut households, demand will continue to increase for lower-cost and multifamily housing. Of the approximately 7,000 additional households expected by 2030, more than half are expected to be low-income, partially due to growth in the number of senior citizens, as baby boomers continue to age into retirement, as well as young workers who typically earn lower wages. New housing production of a little more than 500 units per year would satisfy expected new need for housing, but not address existing unmet needs.

Lebanon has approximately 3,200 housing units, of which approximately 91% are owner-occupied. The median value of an owner-occupied home in Lebanon is approximately \$245,600, just slightly above the median value for homes in New London County.^{iv} Median household income is approximately \$96,000, higher than the county median of \$71,000.^v According to Town of Lebanon data, there are approximately 100 housing units in two-family homes, and an additional 100 in three- and four-family or larger structures. Census data on rental values is not available due to the small data sampling size. The median rent in New London County is approximately \$1,110 per month.

Lebanon's Plan of Conservation and Development notes that Lebanon's population is expected to decline slightly in the coming decades due to declining family sizes and trends drawing residents out of Connecticut or to more urban communities.

According to the National Housing Preservation Database, there are two communities in Lebanon preserved for affordable housing receiving federal subsidies: 24 apartments at Stone Ridge Estates and 12 apartments at a group home run

by the Connecticut Institute for the Blind. Housing at both properties is reserved for elderly or disabled residents. Lebanon is currently working to add affordable housing adjacent to Lebanon's Senior Center and is also working in partnership with the Connecticut Resource Conservation and Development Area to secure farmland to enable affordable farm housing as part of a new or beginner farmer initiative.



Stone Ridge Estates, Lebanon
(Source: paradiseagency.com)

Local and Regional Housing Market

Housing in southeastern Connecticut’s suburban and rural municipalities skews toward larger single-family homes, while one-bedroom units are concentrated in the region’s urban centers. Many of the region’s suburban and rural communities have few alternatives to the single-family home, with single-family housing making up over 90% of housing in some communities. Homeownership is also more common in rural/suburban towns, with urban households slightly more likely to rent (54%) than own, and suburban/rural households much more likely to own their homes (80.1%).^{vi}

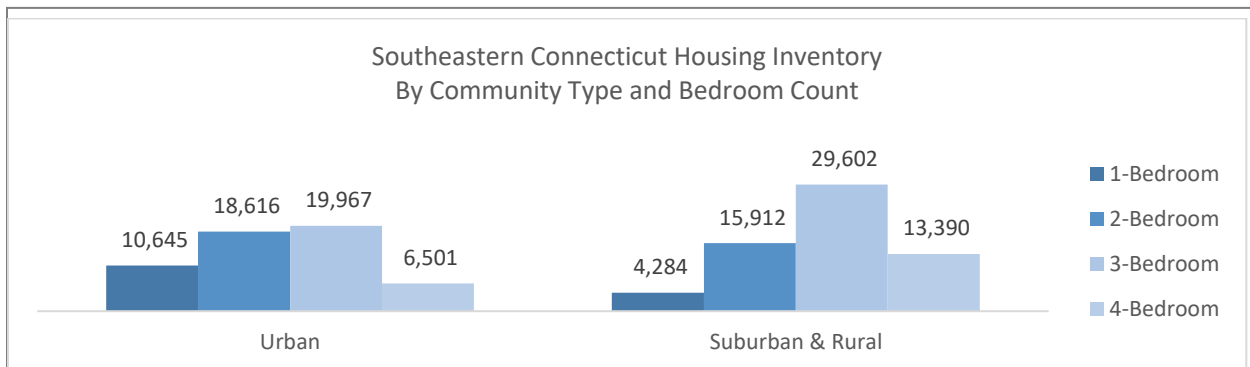


Figure 1. Housing in Southeastern Connecticut: Units by Number of Bedroom and Urban or Suburban/Rural Community Type. Additional 0-bedroom and 5+ bedroom units not shown. Source: U.S. Census American Community Survey (ACS) 2018 5-Year Estimates.

Housing construction in southeastern Connecticut has remained sluggish since the 2008 recession began, with annual production hovering around 300 units per year. Housing construction has traditionally focused on the production of single-family homes in suburban and rural municipalities. Recent spikes in multifamily construction in suburban/rural towns occurred in 2014 and 2015, but these levels were not sustained in 2016 and 2017. Building permit data reported to the U.S. Census indicates that from 2000 to 2017, permits for 396 new housing units were awarded in Lebanon, activity slightly higher than the regional average. In the last ten years, 70 new dwelling units were constructed in Lebanon, the lowest number of new housing permits issued for any decade since World War II.

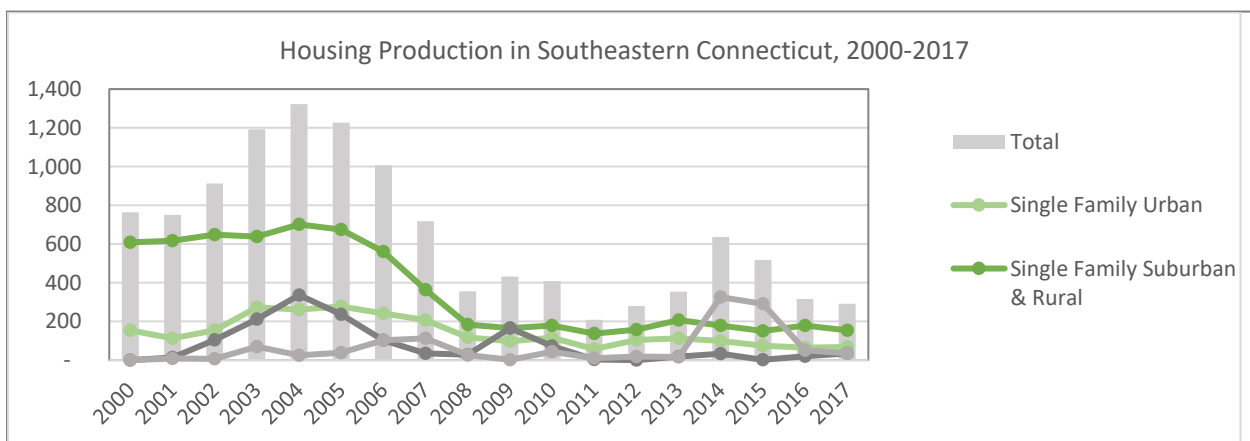


Figure 2. Housing Production Levels by Housing Type and Community Type, 2000-2017. Source: U.S. Census via Connecticut Department of Economic and Community Development.

The median sales price for a single-family home in Lebanon was \$230,900, with 114 sales in 2019.^{vii} Median sales prices increased to \$255,000 (117 sales) in 2020^{viii} and to \$285,000 (115 sales) in 2021^{ix}, an increase of 23% in two years. County-level data show a similar median sales price increase from \$230,000 in 2019 to \$259,900 in 2020 to \$290,000 in 2021.^{xxi}

Housing Production and Regulation in Lebanon

Lebanon Zoning

SCCOG's 2018 Regional Housing Needs Assessment reviewed zoning regulations and the availability of vacant land in all its member municipalities. The review revealed that large-lot, residential zoning is the most common in the region, based on overall land area. New opportunities for single-family homes exist in all towns, while 14 of the region's towns have opportunities for multifamily development on land in or close to sewer service areas, and an additional four municipalities enable multifamily development in areas not served by sewer.

Zoning governing much of the land in Lebanon allows for the construction of single-family homes, with two-family homes also permitted in RA (Rural Agriculture), B (Business), and (floating) Agricultural Tourist Village zones. The creation of accessory dwelling units is allowed within single-family homes when the primary unit or secondary unit is owner-occupied and may not include more than one bedroom.

Multifamily development (3 or more units per structure) is permitted via special permit in the RA and B zones at a starting density of two acres per unit for the first six units, and one to 1.5 acres per additional unit thereafter. Multifamily homes with more than two bedrooms per unit are not permitted. Off-street parking must be provided at a rate of 2.5 spaces per one-bedroom unit and three spaces per two-bedroom unit (the same parking as is required for a single-family home).

Multi-family or higher-density housing for residents 62 or older is permitted via special permit in RA, B, VGD (Village Green District) at a maximum density of four units per acre, with 1.5 parking spaces required for each unit. In 2014 the town identified and secured a developer to construct eight units of age-restricted housing on town land adjacent to the Lebanon Senior Center. Completed in 2016, these housing units have allowed Lebanon residents to downsize into homes that would not otherwise have been made available without direct municipal involvement. Also adjacent to the Senior Center lies the 24-unit Stone Ridge Estates that provides housing for income eligible seniors and disabled residents. Additional age-restricted housing adjacent to the Senior Center is currently in the planning phases.

Lebanon's Conservation Subdivision regulations allow for homes to be clustered together on smaller lots, reducing infrastructure costs and preserving land for conservation, recreation, or agricultural uses. Under Conservation Subdivision regulations, a property may yield a higher number of homes than would be possible under standard single-family requirements, but at least half of the property must be preserved as open space. At least 15 acres is required for a Conservation Subdivision. The

Commission may approve higher densities for conservation subdivisions that includes affordable housing.

Summary of Lebanon Housing Production Regulations (from 2018 Southeastern Connecticut Regional Housing Needs Assessment)

Town of Lebanon- Sewer service is extremely limited

Single-Family: Permitted throughout most of town, in all zones except for the Light Industrial zone.

Two-family: Permitted in the Residential-Agricultural (RA) and Business (B) zones.

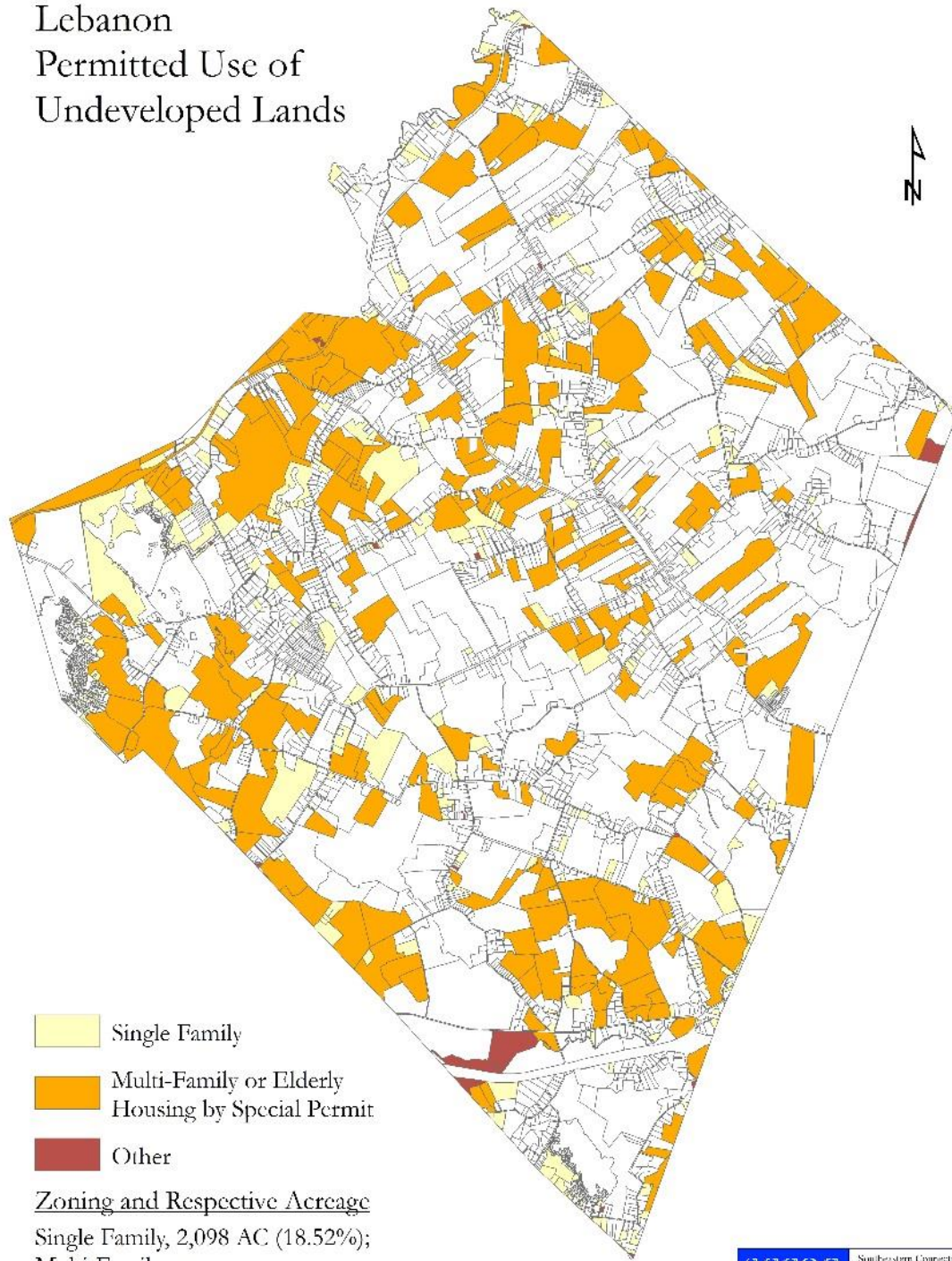
Multi-Family: Allowed by Special Permit in the RA and B zones.

Mixed-Use: Allowed by Special Permit in the Village Business District and B zones.

Accessory Apartments: Permitted in zones permitting single-family homes, except for the Lake and B zones.

Clustered Development: Allowed by Special Permit in the RA zone and Village Green District.

Lebanon Permitted Use of Undeveloped Lands



- Single Family
- Multi-Family or Elderly Housing by Special Permit
- Other

Zoning and Respective Acreage

Single Family, 2,098 AC (18.52%);
Multi-Family or Elderly Housing by Special Permit, 9,021 AC (79.62%)
Other, 210 AC (1.86%)

SCCOG Southeastern Connecticut Council of Governments
Geographic Information System

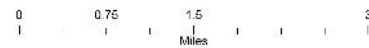


Figure 3. Zoning of Vacant Lands for Potential Residential Uses. Highest-Density Permitted Use.

Lebanon Plan of Conservation and Development

Lebanon adopted a new Plan of Conservation and Development in January of 2021 which outlined the following goals:

- Preserve, promote, and enhance Lebanon’s historical and agricultural roots
- **Strengthen the quality and diversity of Lebanon’s housing stock by increasing opportunities for multi and senior housing for all age groups to create a sustainable population mix of age and income groups**
- Future development should be scaled and designed to mirror and enhance the town’s rural village character and sense of place
- Market the town as the historically significant, education rich, affordable, safe, agricultural friendly, and abundant in natural resource community that it is
- Encourage agricultural land use by promoting agriculture-based economic development opportunities and farmland preservation
- Provide and fund community facilities and services necessary to meet current and future resident needs
- Promote heritage tourism through identification and advertisement of available resources and attractions and by increasing visitor accommodations and services
- Provide for permanent protection of open space tracts and corridors, giving priority to those that are most important to the community and hold important natural resources
- Promote integrated business and residential development in the Town Center to meet the needs of residents
- Promote commercial, industrial, and medium-density residential development in designated areas
- Encourage business and housing development proposals that meet the physical, social, economic, and environmental needs of the community, including rezoning when warranted.

The Plan recognizes a need to provide additional housing opportunities, including affordable housing desirable for Baby Boomers who wish to remain in the community without house and yard maintenance and for others who are looking for housing to meet their lifestyle as they move to Southeastern Connecticut to take advantage of a broadening labor market. The POCD notes that the share of senior citizens is expected to increase, with an increasing need for housing and services, while the population of school-age children has declined in recent years but is expected to stabilize. The Plan recommends that additional housing for seniors be built on excess land abutting Lebanon’s Senior Center.

Additional housing-specific recommendations include:

- Work to attract a younger demographic by marketing Lebanon as historically significant, education rich, agricultural friendly, affordable, safe, and abundant in natural resource community.
- Provide additional housing opportunities for multiple age and demographic (income) groups by permitting workforce housing, multi-family housing, senior housing, and affordable housing. This includes working with developers to help secure land, and rezoning and offering tax incentives when deemed desirable.
- Prepare and implement an Affordable Housing Plan as required by Connecticut law.

- Future development should be scaled and designed to mirror and enhance Lebanon’s rural village character and sense of place.
- Continue working with state and regional entities regarding the definition, needs and methods to satisfy the intent of affordable housing goals that are appropriate for Lebanon, including assessing the affordability of existing housing stock that is not addressed in current State Statute.

Affordable Housing Appeals Act (§ 8-30g)

Connecticut’s Affordable Housing Land Use Appeals statute, C.G.S. § 8-30g, was established in 1997 to enable the development of affordable housing in municipalities where zoning regulations would otherwise prevent its construction. Municipalities are subject to § 8-30g of the Connecticut General Statutes when less than 10% of the municipal housing stock meets the statute’s definition of affordable. The statute encourages development approvals for deed-restricted affordable housing by requiring that upon appeal of a development proposal for affordable housing that is rejected by a municipality with less than 10% affordable housing, the municipality must demonstrate that public interests in health, safety, or other matters clearly outweigh the need for affordable housing.

The State of Connecticut’s 2019 Housing Appeals List shows that just over 3% of housing in Lebanon (112 units) counts as affordable housing for the purpose of determining the applicability of the § 8-30g statute. In determining the percent of affordable housing present in a municipality, the CT Department of Housing counts:

- Assisted housing units or housing receiving financial assistance under any governmental program for the construction or substantial rehabilitation of low- and moderate-income housing that was occupied or under construction by the end date of the report period for compilation of a given year’s list;
- Rental housing occupied by persons receiving rental assistance under C.G.S. Chapter 138a (State Rental Assistance/RAP) or Section 142f of Title 42 of the U.S. Code (Section 8);
- Ownership housing or housing currently financed by the Connecticut Housing Finance Authority and/or the U.S. Department of Agriculture; and
- Deed-restricted properties or properties with deeds containing covenants or restrictions that require such dwelling unit(s) be sold or rented at or below prices that will preserve the unit(s) as affordable housing as defined in C.G.S. Section 8-39a for persons or families whose incomes are less than or equal to 80% of the area median income.

The majority of the qualifying homes in Lebanon are homes financed with CHFA or USDA mortgages (83 homes). Three homes are occupied by tenants who receive rental assistance, and 26 homes receive other government assistance.

As mentioned, municipalities that have 10% or more of their housing inventory falling into the above categories are exempt from § 8-30g appeals. Municipalities may also be granted four-year temporary exemptions by demonstrating progress in facilitating new affordable housing. The threshold for achieving a moratorium is new affordable housing created in the municipality earning “Housing Unit Equivalent” points equal to the greater of two percent of existing housing or 50 points. (75 points after October 1, 2022). New affordable housing qualifies for between ½ and 3 Housing Unit Equivalent points based on the size of the

unit (more bedrooms earn more points), restrictions on occupancy (senior-only housing earns fewer points), and the affordability level of the unit (affordability to lower income levels earns more points). The Town of Lebanon could achieve a moratorium from appeals with new housing equivalent to 63 points, achievable with between 23 and 126 new affordable homes, depending on their size, affordability target, and restriction on occupancy to seniors only. In 2022, the moratorium threshold will increase to 75 points, requiring a minimum of 30 affordable homes to achieve.

Action Plan Options

Connecticut municipalities have flexibility in determining how they act to improve access to affordable housing. This plan should include steps appropriate to the Town of Lebanon that may be taken with the goal of creating additional affordable housing units in Lebanon, consistent with the other development and conservation goals of the Town.

Lebanon has dedicated ARPA funding to develop 16 senior affordable housing units abutting the town's Senior Center. In addition, the town is working with the Connecticut Resource Conservation and Development Area, Inc., to secure farmland to enable affordable farm housing as part of a new or beginner farmer initiative.

Some additional strategies that have been implemented or considered by Connecticut municipalities are the following:

Expand the capacity of the municipality to support ongoing housing initiatives

- Consider creating a standing affordable housing committee/subcommittee to advance actions supporting housing

Increase Opportunities for Multifamily Development

- Review potential modifications to single-family zoning that would enable low-density, low-impact multifamily developments
- Consider modifications to existing multifamily regulations to align with existing elderly housing requirements for acres per unit and parking
- Identify sites that could accommodate multifamily housing, including municipally owned sites, and market opportunities to potential builders
- Consider providing tax incentives for construction of target housing types

Support First-Time Home-Ownership and Aging-In-Place

- Work with the local realtor community to publicize availability of USDA and CHFA low-interest home loans
- Consider applying for State of Connecticut Small Cities funding for rehabilitation of existing housing occupied by low-income residents, first time homebuyers, etc.
- Create municipal tax relief programs/down-payment/closing cost assistance for elderly, low-income, first-time buyers, etc.

Increase availability of deed-restricted affordable housing

- Consider adopting inclusionary zoning provision (portion of new development must be deed-restricted affordable)
- Work with housing land trusts or other non-profits to acquire and rehabilitate existing housing for deed-restricted affordable housing

ⁱ HUD FY 2020 Income Limits Summary for Norwich-New London, CT HUD Metro FMR Area (towns of Bozrah, East Lyme, Franklin, Griswold, Groton, Ledyard, Lisbon, Lyme, Montville, New London, North Stonington, Norwich, Old Lyme, Preston, Salem, Sprague, Stonington, Voluntown, Waterford).

<https://www.huduser.gov/portal/datasets/il/il2020/2020summary.odn>

ⁱⁱ Connecticut Department of Labor, Average Incomes by Occupation.

ⁱⁱⁱ CHFA 2019 Summary of Programs. https://www.chfa.org/assets/1/6/2019_CGS_8-37bb.pdf.

^{iv} U.S. Census American Community Survey 2018 5-Year Estimates.

^v Ibid.

^{vi} Ibid.

^{vii} New London County 2019 Sales by Town, Eastern CT Association of Realtors.

^{viii} New London County 2020 Sales by Town, Eastern CT Association of Realtors.

^{ix} New London County 2021 Sales by Town, Eastern CT Association of Realtors.

^x Full Year New London and Windham County SOLD Comparisons - 2020 vs. 2019, Eastern CT Association of Realtors.

^{xi} Full Year New London and Windham County SOLD Comparisons – 2020 vs. 2021, Eastern CT Association of Realtors.