

# Affordable Housing Plan

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Prepared by Southeastern Connecticut Council of Governments Staff

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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 calculations.<sup>i</sup> Housing programs usually require that occupants pay 30% of their income for their housing and subsidies cover the remaining operating costs.

HUD Metro Area	Median Family Income	Income Category	Persons in Family			
			1	2	3	4
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

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).<sup>ii</sup> 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 authorities 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.”

The § 8-30j requirement for Affordable Housing Plans was passed in recognition of increasing challenges for Connecticut residents in finding adequate affordable housing, especially outside of Connecticut’s most urban communities. Since 2000, the share of Connecticut renters who pay more than 30% of their income towards housing rose from 37% 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.

*§ 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 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](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

The development of an Affordable Housing Plan for Salem is being overseen by Salem’s Planning & Zoning Commission, with opportunities for members of the public to provide suggestions and feedback. Ultimately, the Plan will be considered by the Commission for adoption.

# Housing Conditions in Salem and Southeastern Connecticut

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## 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.

Salem has just over 1,750 housing units, of which approximately 92.5% are owner-occupied. The median value of an owner-occupied home in Salem is approximately \$274,300, which is roughly \$35,000 more than the median value for homes in New London County (which is \$239,000).<sup>iii</sup> Median household income in Salem is the highest of any municipality in the county at approximately \$113,000, significantly higher than the county median of \$71,000.<sup>iv</sup> According to census data, there are only about 125 multifamily homes in Salem, and 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.

## 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%).<sup>v</sup>

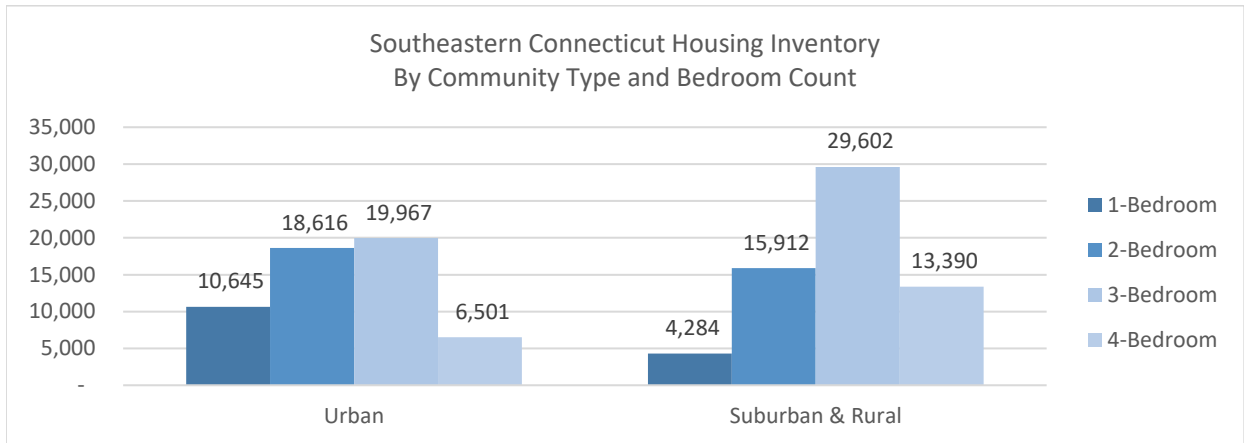


Figure 1. Housing in Southeastern Connecticut: Units by Number of Bedroom and Urban or Suburban/Rural Community Type. Additional 0-bedroom and 5+ bedroom units not shown. Source: U.S. Census American Community Survey (ACS) 2018 5-Year Estimates.

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 275 new housing units were awarded in Salem, with 11,689 being issued throughout the county. The median sales price for a single family home in Salem was \$269,130, with 33 sales in 2019.<sup>vi</sup> More recent county-level data shows median sales price increased from \$230,000 in 2019 to \$270,000.<sup>vii</sup>

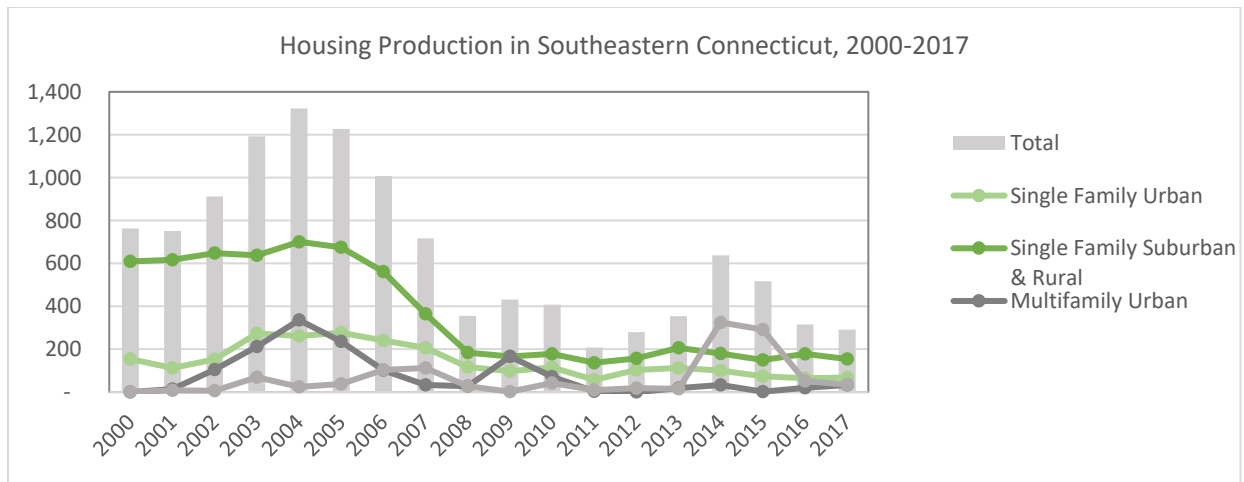


Figure 2. Housing Production Levels by Housing Type and Community Type, 2000-2017. Source: U.S. Census via Connecticut Department of Economic and Community Development.

## Housing Production and Regulation in Salem

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### Salem Zoning

SCCOG's 2018 Regional Housing Needs Assessment reviewed zoning regulations and the availability of vacant land in all of 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 (including Salem) enable multifamily development in areas not served by sewer.

Much of the land in Salem is zoned for one- or two-family housing development (Rural A, Rural B, and Residential A zones). Multifamily developments (two or more buildings on one lot with three or more family units in aggregate) are permitted in the Rural A Zone following approval of a Special Exception from the Planning and Zoning Commission. A "Net Buildable Area," as defined by the Zoning Regulations, of 40,000 square feet is required for the first family unit, plus 20,000 square feet for each additional family unit. These developments are limited to 80 family units in total, with each dwelling containing no more than four family units.

Salem also permits, through Special Exception, Age Restricted Residential Developments, to house residents aged 55 and older. These developments are conditionally permitted in the Rural A, Business, Special Business B, Highway Commercial, and Industrial Zones. Such developments require five acres in the Rural A Zone, two acres in the Industrial Zone, and one acre in the other mentioned zones. Density is permitted at the rate of four units per acre of the total lot, minus any portions of the lot regulated by the Inland Wetlands and Conservation Commission, areas within the FEMA 100 year flood zone, and the areas where natural slopes exceed 25% over a distance of 40 feet.

One accessory dwelling units is allowed as a secondary use to a single family dwelling in Salem. Such dwelling units are referred to as "Accessory Apartments" in the Zoning Regulations. Accessory apartments must not exceed 40% of the area of the primary dwelling unit or 800 square feet, whichever is less. Accessory apartments are only allowed on lots which have at least one acre of land outside of regulated wetland areas. Accessory apartments may be in separate structures, provided that (1) the structure appears aesthetically consistent with the principal structure, and (2) the structure is less than 100 feet from the principal structure. The apartment, or the principal structure, must be occupied by the owner of the property.

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

*Town of Salem- No sewer is present*

**Single-Family:** Permitted in the Rural Zone A, Rural Zone B, and Residential Zone B (all residential zones).

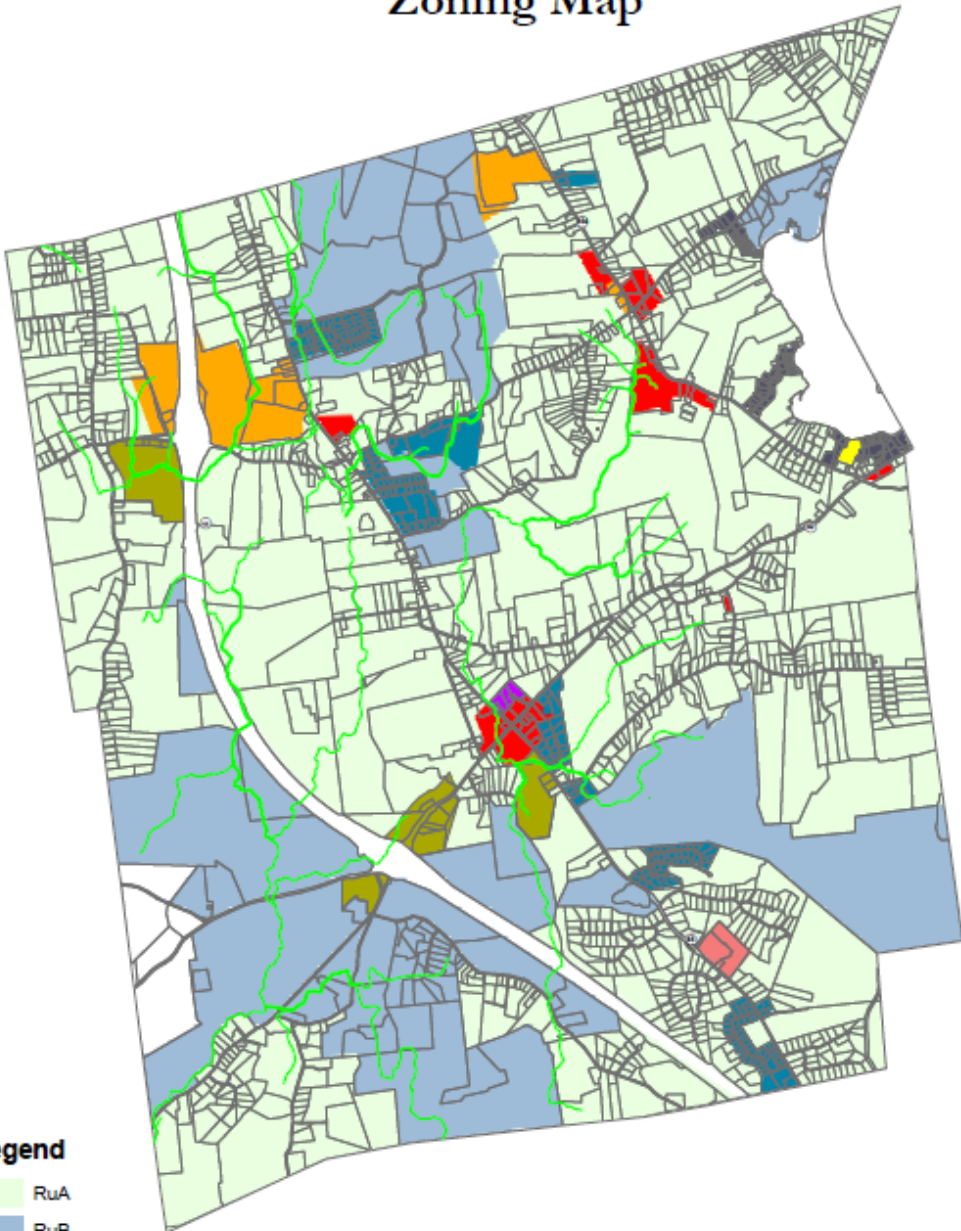
**Two-family:** Permitted in Rural Zones A and B. Multi-Family: Allowed by Special Permit in Rural Zone A

**Mixed-Use:** Allowed by Special Permit in the Business Zone (BZ).

**Accessory Apartments:** Permitted in all residential zones

**Clustered Development:** Allowed by Special Permit in Rural Zones A and B

# Town Of Salem Zoning Map

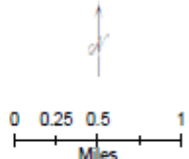


**Legend**

- RuA
- RuB
- Residential A
- Business
- Spec. Bus. A
- Spec Bus B
- Highway Comm.
- Industrial
- Comm. Recreation
- Seasonal Residential
- RCOZ

Disclaimer: For Planning Purposes only

Note: Zoning District boundaries are as per Section 1.6 of the Zoning Regulations. All roadways, including Route 11, are included in zoning district designations. Where a roadway abuts different zoning district designations the district boundary is the centerline of the road.



**SCCOG** Southern Connecticut Council of Governments

Revised to Feb. 5, 2020



## The Local Plan of Conservation and Development

The Salem Plan of Conservation and Development (POCD) was most recently updated in 2012, and is currently being prepared for approval of an update in 2022. The 2012 POCD noted the following goals and statements related to future housing development in Salem:

- Salem should develop a proactive, long-range plan to ensure Salem complies with State regulations regarding affordable housing.
- Salem should encourage affordable housing development.
- Housing in Salem should encourage a balance of housing, including affordable housing that is tied to the ability of the land to support housing development.
- Salem should reduce the minimum housing footprint and/or lot size.
- Housing in Salem will be consistent with the town's rural character and quality of life.
- Housing will accommodate unmet housing needs by permitting a variety of housing types and configurations that encourage Salem's residents, including senior citizens and young adults, to remain in the community.

Many of these goals also have specific suggestions to meet them, including creating a database of the housing stock in Salem, designating a point person to ensure consistency with State affordable housing requirements, establishing a 'fast track' process to champion affordable housing projects. Many of these concepts could still prove valuable in encouraging the creation of affordable housing in Salem.

## Affordable Housing Appeals Act (§ 8-30g)

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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 2% of housing in Salem 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 the following:

- 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). This category currently makes up 2 of the 32 units counted as affordable in Salem.
- Ownership of housing currently financed by the Connecticut Housing Finance Authority and/or the U.S. Department of Agriculture. This currently makes up 30 of the 32 units that are counted as affordable in Salem.

- 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.

As noted above, the vast majority of the 32 qualifying homes in Salem are homes financed with CHFA or USDA mortgages (30 homes). Two homes are occupied by tenants who receive rental assistance. These two categories are difficult to regulate or encourage through planning and zoning policies. The remaining two categories (financial assistance for developments or deed restrictions) could be encouraged through zoning policies. For example, for multi-family or age-restricted developments, the Zoning Regulations could require that a certain percentage of the units be deed restricted. The former category of financial assistance for developments could be made easier through regulations which are easy to navigate for a developer. However, it is still difficult, as the Town cannot require that developers create housing in Salem.

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 four-year 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. New 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 Salem would need 50 points to achieve a moratorium from appeals, achievable with between 17 and 100 new affordable homes, depending on their size, affordability target, and restriction on occupancy to seniors only.

## Action Plan Options

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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 Salem that may be taken with the goal of creating additional affordable housing units in Salem, consistent with the other development and conservation goals of the Town. Some of the 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.
- Consider working with the Southeastern CT Community Land Trust to aid in their goal of developing affordable housing in Southeastern Connecticut.

### *Increase Opportunities for Multifamily Development*

- Review potential modifications to single-family zoning that would enable low-density, low-impact multifamily developments.
- Consider allowing duplexes/two-family homes in any zone which permits single-family homes.
- Identify sites that could accommodate multifamily housing, including municipally-owned sites.

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

- Work with local realtor community to publicize availability of USDA and CHFA low-interest home loans.
- Apply 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.

### *Expand availability of lower-cost housing*

- Consider modifying Accessory Dwelling Unit provisions to enable the rental of these units without an owner of the property being required to live in one.

### *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.

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<sup>i</sup> 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>

<sup>ii</sup> CHFA 2019 Summary of Programs. [https://www.chfa.org/assets/1/6/2019\\_CGS\\_8-37bb.pdf](https://www.chfa.org/assets/1/6/2019_CGS_8-37bb.pdf).

<sup>iii</sup> U.S. Census American Community Survey 2018 5-Year Estimates.

<sup>iv</sup> Ibid.

<sup>v</sup> Ibid.

<sup>vi</sup> New London County 2019 Sales by Town, Eastern CT Association of Realtors.

<sup>vii</sup> Fourth Quarter New London and Windham County SOLD Comparisons - 2020 vs. 2019, Eastern CT Association of Realtors.